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INTER-AMERICAN AFFAIRS

UALA HOLDS SECOND FORUM ON LATIN AMERICAN DEFENSE

Top Officers Interviewed

Buenos Aires EL PERIODISTA in Spanish 11-17 Apr 86 p 9

[Interview with the secretary general of Argentine-Latin American Unity (UALA), Julio Cesar Urien, Col Cesar Diaz and Brig Carlos French, by Julio Huasi in Buenos Aires; date not given]

[Text] The Second Latin American Defense Forum will bring together in Buenos Aires military officers from 15 countries who "condemn imperialism's National Security Doctrine (DSN) and aggressions" and promote "the solidarity of the Greater Fatherland in confronting such attacks." The meeting will be held from the 11th to the 14th of this month; it is organized by the UALA and during it "a permanent organization will be set up to achieve these objectives," Col Cesar Diaz, retired, Brigadier Carlos French, retired, and former Midshipman Julio Cesar Urien, the UALA secretary general, told EL PERIODISTA.

The meeting of retired Latin American military officers is a follow-up to the first forum, which was held in the Argentine capital in September 1984. At that time they indicated that "the framework of domination and dependence has (also) adversely affected the real mission of the Armed Forces." Their mission, they noted, is to safeguard sovereignty and independence while "subordinating their activities to the sovereign will of their peoples." They also urged their Armed Forces "to move forward in doctrine and organization to confront the main enemy-aggressor," which they identified as "United States imperialism." The following is a brief summary of the interview:

Julio Huasi: Who is taking part in the military forum?

Julio Cesar Urien: Very important military officers from Bolivia, Brazil, Colombia, Chile, Ecuador, El Salvador, Guatemala, Panama, Peru, Paraguay, the Dominican Republic, Uruguay, Suriname, Venezuela and, of course, Argentina. They include Peruvian Gens Jorge Fernandez Maldonado (who is today a senator from the Revolutionary Socialist Party), Edgardo Mercado Jarrin and Miguel Angel de la Flor Valle, his country's former foreign minister; Salvadoran Col Adolfo Majano; Gens Victor Licandro (from Uruguay), Carnavalli and Elio Garcia Barrios (both from Venezuela), Jose Matallana (from Colombia), Richelieu

Levoyer (from Ecuador), Humberto Calloja (from Bolivia), two colonels from the Center of Democratic Nationalist Military Officers of Brazil, and Gen Tulio Marambio and Vice Adm Oscar Buzzetta from Chile. Argentina is represented by Gens Jorge Leal, retired, and Ernesto Lopez Meyer, retired, the president of CEMIDA [Military Center for Argentine Democracy], Brigadier French, retired, Cols Horacio Ballester, retired, Cesar Diaz, retired, and Jose Luis Garcia, retired, Vice Commodore Carlos Santamaria, retired, Air Force Maj Oscar Vijando, retired, Capt Ernesto Urien, retired, Malvinas veteran Miguel Angel Trinidad, and myself.

Julio Huasi: What specifically will the forum be debating?

Urien: We will assess the situation of the Armed Forces in each country. As we did during the Malvinas war, we will go beyond rhetoric and speak out against the 1947 Inter-American Reciprocal Assistance Treaty (TIAR) and stress the need for a new approach to defense that is an integral part of each nation's program for emancipation. We oppose the existence of colonial enclaves such as Puerto Rico, Grenada, Guantanamo (Cuba), the Malvinas and the Panama Canal, and we emphasize the need for an Organization of Latin American States (OELA) to undertake bloc-to-bloc discussions with Washington as equals.

The Monroe Doctrine has historically meant "the Americas for Americans," and with how much bloodshed. We think the other way around: "Latin America for the Latin Americans." We want to demonstrate that San Martin's and Bolivar's ideal of the "Greater Fatherland" is feasible.

Julio Huasi: Even as we speak, the Reagan administration is harassing Nicaragua militarily and threatening the Peruvian Government because of its economic policy. What do you think about this?

Colonel Diaz: This is exactly why we are talking about continental solidarity to oppose aggression. UALA delegations have visited Nicaragua and Peru. According to my field studies, between 20,000 and 25,000 counterrevolutionary troops are attacking Nicaragua from Honduras and Costa Rica, with permanent logistic support in those countries, which are in turn supplied from the United States. Nicaragua is fighting a defensive war, in accordance with a doctrine based on the moral and political strength of the people, who have taken up arms en masse to defend their homeland and their revolution. It is a nation that has taken up arms, a small Latin American country that is defending its dignity against an aggressive superpower. The Nicaraguan nation's goal during this stage is to survive, and the "Greater Fatherland" must support it.

Julio Huasi: How, colonel?

Colonel: A thousand ways. For example, by supporting the Contadora Group and pursuing a policy to prevent the aggressor power from carrying out its plans. It is a question of transferring the very concept of solidarity to the larger sphere that our founding fathers meant for it: the continent itself. Therefore, we oppose the TIAR, the military schools that the United States runs in the Panama Canal Zone and the policy of the Inter-American Defense Board.

We also support the revitalization of the Latin American Parliament, the idea of a Latin American Common Market, a Latin American Defense System, and the Latin American Monetary Fund that Peruvian President Alan Garcia has proposed. The DSN is an example of the imperial policies that it pursues when its dollars and its ideological penetration are no longer enough. We have seen this in Argentina since 1930. It resorts to its own military might and to the local Armed Forces to pursue its policy of invasion.

This is why we speak of "transforming" the Armed Forces. Over the past century and a half we have been unable to identify our real enemy. We have not pointed to American imperialism in the 20th century, just as we failed to with British imperialism in the 19th. Thus, governments deploy their Armed Forces to repress the people in major urban areas and neglect the empty regions, where the military is really needed to help the people and the nation to achieve full and sovereign development.

Julio Huasi: Speaking of development, how would you define it?

Brig Carlos French: As an instrument of sovereignty and self-determination. Article 40 of the 1949 Constitution, which preserved our sovereignty over our mineral subsoil, was annulled in 1957 and has not yet been reincorporated into another constitution. An agenda for liberation can be based only on independent development and can be placed only within the framework of Latin American emancipation. This is how we see it in the UALA, where military officers from every nationalist and grassroots segment practice real pluralism. The top echelons of the Armed Forces have fallen into serious discredit in the public's eyes because they supported an antinationalist agenda that brought us greater dependency, the usurious foreign debt, the defeat in the Malvinas and massive human rights violations. Martinez de Hoz has his freedom, and the patriotic officers who were kicked out by the "Process" (the "33 Orientals") have not been reinstated, while commanders whom their victims and human rights organizations are denouncing are being promoted. In Peru, for whose solidarity during the Malvinas war, like Nicaragua's, we are thankful, a large and perhaps majority faction of the army supports President Alan Garcia's policy of national dignity towards the IMF and Washington's aggressive arrogance, and they are also worried about the multinationals controlling basic resources.

Critical Issues Discussed

Buenos Aires EL PERIODISTA in Spanish 18-24 Apr 86 p 7

[Article by Julio Huasi]

[Text] Meeting in Buenos Aires from 11 to 14 April in the Second Latin American Defense Forum, retired officers from 14 countries in the region created the Military Organization for Latin American Democracy, Integration and Liberation (OMIDELAC). The military chiefs denounced U.S. policy towards Nicaragua, the so-called National Security Doctrine and the TIAR.

The former commanders in chief and soldiers debated the continent's critical problems one by one. The Argentine delegation, made up of members of UALA,

CEMIDA and the Malvinas Veterans Center, evidenced the kind of consensus that is rare in civilian society. Col Cesar Diaz, retired, (Argentina) contended at the plenary session that "we should take a stand on Nicaragua, because it is Washington's main target for aggression." Capt Geronimo Cardozo from Uruguay expressed concern over "the current expansion of the Brazilian Armed Forces and its troop concentrations in border areas, which could adversely affect neighboring countries just when democratization is expected in the region." In discussing the "use of the military as a police force against society," another colonel in attendance said that "we were the scourge of the people and therefore we are morally obliged to denounce and confront the foreign doctrine that conditioned us for that purpose."

Former Peruvian Foreign Minister Gen Miguel de la Flor Valle stressed time and again "the need for a summit meeting of Latin American and Caribbean presidents and heads of government to put forth a united stand on neocolonial aggression of every sort, a stand that would be bolstered by annual foreign ministers meetings. Such a meeting is not being held because Washington does not want one, but since it wants gatherings among armies, they are held." His proposal was passed by the forum.

"I was the interior minister under a military dictatorship, but I myself proposed and carried forward the transition to democracy and with these hands, together with thousands of Ecuadorean Indians and patriots, I demolished the Reten Sur Prison in Quito stone by stone because torture was practiced there," related Maj Gen Richelieu Levoyer, who represents the left-of-center Concentration of Popular Forces Party as a congressman. He received training at the Inter-American Defense College (Washington, Inter-American Defense Board) and at Fort Gullick in the Panama Canal Zone. "The United States," he went on to say, "is applying its protectionist anti-OPEC clause to us, and today owing to our dependence on a single export, Ecuador is in the midst of a serious crisis because it is getting only \$8.71 per barrel from Washington, which is our main market. We military officers must support independence and confront American moves against our countries. I am opposed to paying either interest or principal on the foreign debt. Not a cent, as long as we cannot afford it and have not put hunger and sacrifice behind us."

Brazilian Air Force Col Alfredo Ribeiro Daudt: "I was jailed and thrown out of the service during the April 1964 coup. Although Brazilians feel that there homeland is 'great enough,' they sense the Latin American nature of a continent-wide Greater Fatherland. We must support the defense of Nicaragua in every possible way. The Brazilian people have become aware that their rights are not gifts from government officials."

Col Adolfo Majano from El Salvador is living in exile in Quebec and was an observer at the forum. He studied at Fort Gullick. Napoleon Duarte's Christian Democratic government is not paying him his pension. "I am a deeply Christian man and I advocate peace and a peaceful settlement of conflicts," he said. "For some time now the economic structures of the Latin American countries have been in crisis, and here lie the main roots of the current conflict. Many of us share the idea that structural changes are needed. I'm delighted to see these kind of forums. Everyone knows that I'm a moderate; I support neither the Far Right, which threw me out of government in 1980, nor

the guerrillas. The Right opposed our programs for change and agrarian reform with the argument of the communist menace, a specter that it uses to scare not only the Armed Forces but also social institutions and sectors. The conservative forces in my country enjoy the sympathy and strong support of the powerful in the United States. We began an agrarian reform, but now, under Duarte's current administration, there is no longer any talk of land reform. Conflict is inevitable because of the crisis, underdevelopment and the concentration of capital. I have no doubt whatsoever that change will come about, though I can't predict whether it will be violent, moderate or progressive. I am not renouncing politics; I intend to return to El Salvador, but I don't know when."

Gen Garcia Barrios (Venezuela): "Many people have been murdered in the name of democracy, when in fact the National Security Doctrine was being applied. The ideals of Bolivar and San Martin are more current than ever. Without unity our Latin America will not be free."

Uruguayan Maj Gen Victor Licandro, like his compatriot Liber Seregni, left the army when the government decreed its shift to "police functions" in 1968. "I am strict about military discipline and spirit," he asserts, "but also about respect for the constitution. The sociologists call us 'military men who believe in civilian rule' [militares civilistas]. I was sent in 1964 to the American Defense College in the United States. If there was any gap in my knowledge at the time, I learned very well there what a world decision-making center such as Washington is like and how it can affect our countries. On 5 February 1971, I remember it very well, I cofounded as an independent citizen the Broad Front, whose president is General Seregni, along with the Socialist, Communist and Christian Democratic parties and the patriotic factions of the Blanco and Colorado parties. I am opposed to security doctrines that only further antinational interests."

Brig Carlos French (UALA), who retired in 1956, was Juan Domingo Peron's aide-de-camp. "Our countries' interests are being increasingly harmed by those of American and British imperialism. The aggression is taking on new forms of domination, such as the severe militarization of conflicts and their incorporation into the East-West confrontation, as well as a compulsive plundering of our countries by means of the foreign debt. The resulting dependence and underdevelopment detract from the efficacy of the Armed Forces by harming their performance and shrinking their specific mission. As a brigadier I think that this hinders our ability to train and develop our Armed Forces personnel, thus delaying the necessary upgrading of their skills in today's technology."

Gen Humberto Cayoja (Bolivia) was commander in chief of the army. He was exiled months after Gen Luis Garcia Meza's military coup. He sought to try 20 officers for drug trafficking. "We must sever the umbilical cord with the hegemonic power to the north, which is making our Armed Forces function as policemen. This has led to the cowardly kidnaping of citizens and to the murder of patriotic politicians such as Marcelo Quiroga Santa Cruz. If the United States invades Nicaragua and if the TIAR is still in existence, it must be enforced, but against Washington."

Gen Jorge Leal, retired, CEMIDA, a conqueror of the South Pole in 1965. "Latin America has been balkanized and pillaged for a century and a half now by this and that powerful nation. We are seeing the rebirth of the real mission of the Armed Forces, consistent with the ideals of San Martin, Bolivar, Artigas, Dorrego, Marti and Sandino. We military officers have careers and a raison d'etre only if we build progress and sovereignty for our Greater Fatherland alongside our peoples."

Artillery Capt Alejandro Fiallos from El Salvador, who is also a physician, was trained at Fort Gullick. He had to go underground and into exile in 1980 when he contended that "the army must support a democratic transformation and take the lead in social and political changes in an ongoing dialogue with the people." Today he says: "The roots of my country's tragedy are to be found in intervention by the United States, which is spending \$1.5 million a day to prop up Duarte's government with its Pentagon 'advisers' and weapons to bleed my people dry, in addition to its aid for the Nicaraguan 'contras.' Central America is a gringo military proving ground so that the results can be applied throughout the region."

Chilean Air Force Capt Raul Vergara was a troop commander and undersecretary of supply during Salvador Allende's government. General Pinochet sentenced him to death, but international pressure reduced his punishment to 30 years in jail. He was released as a result of the same sort of pressure 5 years into his sentence. He was born in 1940 and lives in Nicaragua. "I don't belong to any party, though I support the Popular Democratic Movement (the Communist and Socialist parties and the Movement of the Revolutionary Left), but I feel that Pinochet will not fail unless the entire democratic opposition comes to terms. According to reliable information, it is my understanding that there are salvageable sectors in the Armed Forces that hold patriotic views and that are truly concerned about the grave domestic situation and the economic decline that Pinochet's coup has brought on. From captain on up you can compare the dictatorship with what the democratic regime was like and what Salvador Allende's government meant in terms of progress and modernization, because in spite of the fascist sabotage our people had food to eat every day, whereas now soldiers report for duty undernourished and weak. I realize that my Chilean Armed Forces comrades are in a different position inside the military government, but I still feel that they are involved in a compromising complicity for which they will have to answer."

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INTER-AMERICAN AFFAIRS

CARIBBEAN COUNTRIES DISAPPOINTED WITH CANADIAN AID

Kingston THE DAILY GLEANER in English 8 May 86 pp 1, 3

[Text] The Caribbean concept in its present form is perceived by Caricom countries as "practically worthless," the *Gleaner* has learnt. A move by these countries to reject it as "virtually unusable" is understood to be gaining momentum.

Jamaica's disappointment with the Caribbean concept is also set out in Ministry Paper No. 18 tabled in Parliament on Tuesday, by Foreign Trade Minister, Rt. Hon. Hugh Shearer.

Under the main aspect of Caribbean which should become effective by July 1, all Commonwealth Caribbean exports with a few exceptions will enter Canada duty free. The exceptions are textiles, garments and leather products, lubricating oil and methanol.

The exclusion of textiles, garments and leather products from the list of products that will be allowed to enter Canada duty free, are said to be of concern because of their importance to the Caribbean economies.

Also of concern to the Commonwealth Caribbean is the Criteria of Origin which requires that goods qualifying for duty free entry into Canada include a minimum of 60% of the ex-factory value of the goods.

This 60% value-added requirement is the most stringent, Caribbean exporters point out and must be compared with 35% for CBI and considerably lower levels for both Lome and internal CARICOM trade.

The Canadian government has declared that Caribbean is of great value in that it covers 97% of existing Caribbean exports to Canada. Caribbean exporters however reply that the volume and value of exports are limited to their present level because of the 60% requirement.

In addition the CARICOM countries point out Caribbean does not address the vexed question of the difficulty of selling rum, a major Caribbean export into the Canadian market because of the provincial liquor boards' powers.

The Ministry Paper setting out the Jamaican government's position on Caribbean admits to the Caribbean concept being an advance on existing Canadian preferential schemes namely the Generalised System of Preferences (GSP) and the British Preferential Tariff (BPT). It however expresses disappointment at the exclusion of textiles, garments and leather products.

The Ministry Paper states:

"The exclusion of textiles, garments and leather products is, however disappointing given the importance of these products to Jamaica and other Caribbean economies. More disappointing, are the extremely onerous Criteria of Origin needed to qualify for duty free status, in particular, the requirement

that Caribbean inputs account for 60% of the ex-factory value of the goods. These issues have been emphasised in on-going discussions with Canadian officials over the past few months, by public sector representatives, as well as by representatives of private sector, in particular, the Association of Jamaican Exporters to Canada. It is hoped that as a result of these efforts, some improvement can be secured before the Canadian initiative comes into effect.

Asked however if there was any likelihood that the concerns will be taken into account before the enabling legislation before the Canadian parliament becomes effective in July, Mr. Mike Whalen Trade Commissioner in the Canadian High Commission said that they would not.

He pointed out that the legislation included a review in two years time. He said that it was not what the countries wanted, it was not perfect but it was something. Through their governments and organisations like the JEA and Jamaica National Export Corporation they could lobby with the Canadian government for changes to be made at the two-year review.

Mr. Whalen said that the scheme is a very high priority of Canada's Prime Minister Brian Mulroney. "He is taking a very personal interest in it and wants it to work," he said.

Caribbean was announced by Mr. Mulroney at the meeting of the Commonwealth heads of Government in Kingston early last year.

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INTER-AMERICAN AFFAIRS

MEXICAN EXPORTS, OTHER ECONOMIC TIES TO BELIZE CITED

FL161838 Mexico City NOTIMEX in Spanish 0350 GMT 16 May 86

[Text] Mexico City, 15 May--Mexico will export electricity, gasoline, butane gas, and molasses to Belize; will drill for oil in the Corazal River basin; and will study the establishment of coinvestment enterprises, the Secretariat of Foreign Relations has reported.

The secretariat said that, recently, a Mexican Government mission headed by the director general of bilateral economic relations of the secretariat, Francisco Gonzalez de Cosio, and Mexican Ambassador to Belize Manuel Martinez visited the capital of the Central American country to initiate diverse actions of bilateral economic and technical cooperation. The mission met with Belizean Prime Minister Manuel Esquivel and held talks with the ministers of foreign relations, energy, communications, industry and commerce, and fishing and natural resources, in addition to the governor of the Central Bank.

The Secretariat of Foreign Relations said that Mexico will export 12.444 billion kW in 1986, and that the Obrero Sugar Mill will process 90,000 tons of sugarcane and export 30,000 tons of molasses. The exportation of butane gas and gasoline will be reinitiated in accordance with Belize's needs, which that country will soon determine.

The secretariat added that negotiations will be initiated for Mexican technicians to search for oil in the Corazal River basin. Both countries will study the possibility of setting up coinvestment enterprises, to which end a Belizean delegation will visit Mexican industries. In addition, the secretariat reported that conversations leading to the signing of an agreement to encourage bilateral trade will be reinitiated.

Finally, the secretariat said that Mexico will import up to 5,000 head of Bovine livestock and 2,500 pigs tax-free for the southern state of Quintana Roo.

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INTER-AMERICAN AFFAIRS

BAHAMAS, TURKS AND CAICOS LEADERS MEET, ISSUE COMMUNIQUE

Grand Turk TURKS & CAICOS NEWS in English 20 May 86 p 8

[Text]

CHIEF Minister Nathaniel Francis heading a three-man delegation to the Bahamas recently on a goodwill tour — his first since he assumed the post — to foster relations between the two countries was received openly and friendly by Prime Minister **Sir Lynden Pindling** and at a subsequent meeting matters of mutual interest were discussed.

So said the Chief Minister following his return here last week, emphasising to the *News* that his visit was not an official but a goodwill one.

Francis said Sir Lynden expressed a desire to visit these islands and noted that he intends to send an official invitation as soon as he has held discussions with Executive Council.

The Chief Minister said: "I told him (Pindling) we would be happy to have him visit here," adding that he held the Bahamas Prime Minister in high regard.

Other members of the delegation were Minister for Works **Alden Durham** and Legislative Member **Emmanuel Missick**.

A joint communique issued at Nassau at the close of discussions noted that Pindling "met with a delegation from the Turks & Caicos Islands to hold informal talks on matters of mutual interest to both countries."

The release further noted: "The discussions were conducted in an atmosphere of cordiality and friendship and covered a wide range of subjects including a re-affirmation of the commitment of both governments to continue cooperating for the well-being of their nationals."

"It was agreed that further discussion between the two leaders would take place periodically at their mutual convenience."

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CSO: 3298/451

BARBADOS

ST JOHN DELIVERS FINANCIAL REPORT, BUDGET PROPOSAL

Bridgetown DAILY NATION in English 3 Apr 86 pp 5-11, 14-15

[Apparent text of 1986 Financial Statement and Budgetary Proposals by Prime Minister Bernard St John to the Barbados House of Assembly on 2 April 1986, also carried live on national television.]

[Text] Government Looking to Industries to Lead Way

WHEN I presented my budgetary proposals last year, I stated that during 1984 the Barbados economy had been provisionally estimated to have grown about 3% and indications were that the recovery would be sustained in 1985. Final figures for 1984 now indicate that the actual growth in 1984 was 3.5%. At the time when I spoke winter tourist arrivals were showing increases of the order of 10%.

Expectations for manufacturing exports were high as it was felt that the implementation of the Nassau Agreement by all CARICOM countries would have resulted in some modest recovery in intra-regional trade. Hopes were pinned on the market access provided by the CBI Legislation of the USA. As we look back at 1985 our expectations of growth were fulfilled. Growth in 1985 is now provisionally estimated at the much more moderate rate of 0.3%.

In tourism, winter growth was not sustained into the summer. The continuing strength of the US dollar vis-a-vis the currencies of the European and the OECD countries until September, together with the reduction in purchasing power caused by the decline in the Trinidad and Tobago economy seriously affected our summer tourism as European and Trinidad visitors formed the bulk of these tourists.

CARICOM countries were slow to implement the Nassau Agreement and Japanese competition in the United States market severely affected domestic electronic chip manufacturers' exports. Garment and furniture manufacturers, with the help of the Industrial Development Corporation, while making a good start in trying to penetrate the United States market were unable to replace the CARICOM market with exports to the USA. It was left to construction, mining and quarrying and services other than tourism to propel economic

growth at the moderate level outlined above.

The year 1985, however, proved to be an excellent year for Barbados in our effort to control inflation. The annual average rate was 3.9% and on a point to point basis, December to December it was 2.5%.

In the last quarter a number of new investment decisions were made and not only was factory space on IDC Estates in great demand but a number of new factories actually started production leading to a regaining of some of the jobs lost in the first three quarters.

Prospects

Prospects for 1986 look somewhat more encouraging and real growth of the order of 3% or more is projected. Tourism, sugar, construction and the Government sector are expected to lead the expansion. Manufacturing, too, should increase as the demand for electronic products is expected to increase, the new factories referred to above will increase production, and new markets in countries other than CARICOM for garments, furniture and other manufactured products are expected to be exploited. Inflation should remain low particularly as the fall in oil prices works its way through the international and local economies.

Policy measures taken by the Government in a number of budgets have placed Barbados in the enviable position of having an economy which can respond quickly to external demand for products and services which it is capable of producing.

As a small country with a small population our dependence on external markets cannot be overstated, nor is our need to be competitive.

As usual, Mr. Speaker, I will now briefly examine the international economic developments.

Unemployment Most Serious Problem Faced in Barbados

THE YEAR 1985 will be remembered as the year in which the major developed countries instituted measures to sustain their economic recovery which began in 1984.

Although there was a slowdown in the rate of growth of the United States economy, comparatively high rates of growth in the order of 3.4 percent were realised in all the other developed countries, suggesting that these countries have, at long last, started to take full advantage of the buoyancy of the United States economy over the last three years.

The growth was accompanied by low rates of inflation and a fall in interest rates; developments which served to spur consumer and investor confidence. These stimuli for sustained recovery were reinforced by the exercise of policies to contain fiscal deficits, check the growth of the money supply and to create incentives for greater savings and investments.

Both Japan and West Germany continued to enjoy massive trade surpluses, but the United States was unable to turn around its sizeable deficit, which stood at US\$140 billion at the end of December. Partly as a consequence, the Finance Ministers of the five leading industrial nations met in September, and agreed on a programme to lower the ex-

change rate value of the United States dollar and the dollar fell in trade-weighted terms by ten percent by year end.

This development came too late to reverse any of the negative effects a strong United States dollar has had on the Barbadian economy over the past two years. For the developing world as a whole, it is to be regretted that the adjustments made by the advanced countries to create conditions for sustained economic recovery among themselves, have not been accompanied by corresponding multilateral measures to promote trade and investment flows between depressed and buoyant economies. Indeed, market access for goods produced in the developing world continues to be limited and their prospects for expanded production are yet constrained by the general weakness of commodity prices, including sugar.

A system has yet to be devised to guarantee that the lesser developed and middle income countries, such as Barbados, benefit automatically from the strength of economic recovery in the developed world.

By the same token, Mr. Speaker, unemployment continued to be the most serious economic problem across the globe. In all the major economies, strong economic growth led to the reactivation of idle capacity. This was, however,

not matched by corresponding increases in job opportunities, as the rate of unemployment decreased marginally in the United States and Canada, and stabilised at over ten percent in most European countries. The situation was even more distressing in this hemisphere, where unemployment in most countries reached historically high levels.

It is evident that countries large and small, have not yet found the means to translate economic growth into increased employment, and this represents the most serious issue which has to be faced by the international community as a whole.

As we go into 1986, the prospects of the international economy are conditional above all other factors by the movement in oil prices. The fall in the price of crude should obviously come as a filip to economic growth, allow inflation to remain at low levels, and ease the balance of payment measures of oil-importing countries. It will, however, exacerbate the debt service difficulties of some oil-exporting countries and as such, will create problems in the international banking system and in the flow of trade.

Whether the fall in oil prices will lead to sustained recovery for countries like Barbados, will depend on whether the fall is permanent and the manner in which these anticipated disturbances are resolved.

Still Faith in Regional Body

IN THE MIDST of these developments, the regional economy in the Caribbean remained in deep trouble. Real output in most countries either declined or increased only marginally. The crisis of falling production was most severe in the two largest economies, as output fell by four percent in Jamaica and by 6.2 percent in Trinidad and Tobago, following a ten percent fall in 1984.

The fall in real output was attended by equally severe balance of payments difficulties

and loss of reserves, despite the efforts of some countries to shore up their external position by foreign commercial borrowing.

As is to be expected, these developments played havoc with the regional manufacturing sector in particular, and there was a sharp fall off in intra-regional trade. In addition, falling commodity prices for regional raw materials, particularly sugar and bauxite, exacerbated the already delicately poised position of the economies concerned as the possible

gains from increased production were wiped out entirely.

Across the region, undesirably high levels of unemployment were the order of the day. Grenada and Jamaica carried the heaviest burden in this respect as unemployment in each of these countries amounted to over 25 percent of the labour force.

The region again witnessed several attempts by member countries to reduce the impact of external shock on their balance of payments by recourse to devaluation. The value of the

Jamaica dollar slipped by almost 20 percent over the course of the year while the Trinidad and Tobago currency was devalued by 33 percent in December, 1985. Barbados and the OECS countries did not follow suit.

It would be true to say, Mr. Speaker, that at the end of 1985, not only were the immediate prospects of the regional economy bleak, but the regional integration movement was under more strain than ever before.

The virtues of regional protection are now being overtaken by the vice of insular protectionism. Extraordinary policy expedients conceived with reference only to the circumstances of specific countries, are being called upon in preference to the pursuit of common regional solutions to common regional problems.

The Year of Ups and Downs

I TURN NOW, Mr. Speaker, to the performance of the Barbadian economy.

The Barbados economy grew in 1985 for the third successive year. And although the rate of growth was not as great as we would have wished, it compares admirably with the negative experience of countries which have had to face the same conditions which confronted us with far more resources at their disposal.

If we look carefully, Mr. Speaker, at the turn of economic events over the course of the year, it should be apparent to all that we enter 1986 with a stronger economy and with brighter growth prospects than at the start of 1985.

In the first quarter of 1985, the economy grew at a rate which suggested that the target of 3 percent expansion in real output could have been realised. These gains were to some extent reversed by the confluence of three set of factors which caused the second and third quarters to be particularly difficult.

The first had to do with the fall off in production in our

And a trade and tariff regime which has and can work to the advantage of all, is now being placed in jeopardy by the diffidence of some to stand by their agreed obligations.

Notwithstanding these disappointments our faith in the regional integration movement remains intact. Indeed, given the smallness of our domestic market and the competence of our manufacturers, we have to ensure that we get a share of whatever market is left, and use our influence to get across the point in the area, that in the long run the only hope for meaningful development in CARICOM is to combine our resources and develop the capability to exploit extra-regional opportunities while at the same time working vigorously to create new areas of trade within CARICOM by the providing for ourselves goods and services which are now being imported.

electronic industry; a development which we all recognised as having been part of the adjustment of the world industry to stiff Japanese competition.

Secondly, the summer tourist trade was far slower than anticipated, due in large measure to the effects of a strong US dollar on European visits to Barbados, and a 24 percent fall off in visitors from our CARICOM neighbour Trinidad and Tobago.

Our manufacturing industry in this period also had to bear the brunt of a steep fall in our exports to Trinidad, which over the course of the year amounted to a fall of about 50 percent.

Looking in greater detail at the provisional Estimates of the performance of the respective sectors, our principal foreign exchange sector tourism, experienced a 2.3 percent fall in the number of long stay visitors but a 10 percent increase in receipts. A total of 359 135 long stay tourists visited the island during the year as compared to 367 652 in 1984. By contrast, tourism receipts are

Mr. Speaker, these were the concepts that inspired the Barbados Consensus reached at Sam Lord's in July last year, informed the decisions of the Heads of Government in 1984 at Nassau, known as the Nassau Agreement and produced the decision at Heads of Government Conference in Port of Spain in 1983 to create a new regime for agricultural trade within the region involving protection of a specified number of agricultural products capable of being produced in the Caribbean and now being imported at considerable cost and wastage of foreign exchange.

As the year closed there was some hope that the Nassau Agreement and the Port of Spain decision on agriculture which has now been approved by the Common Market Council would be implemented by all.

estimated to have increased from \$568.3 million in 1984 to \$618.1 million in 1985. Hotel Tax too, increased significantly, suggesting that the more high priced hotels performed better.

One very significant and healthy development was the performance of the cruise ship business where arrivals increased by fully 13.2 percent reversing four consecutive years of decline.

Greatest weakness

The area of greatest weakness in the economy was manufacturing, in which real output fell by 9.5 percent. We have already explained that this phenomenon can be held accountable to cyclical trends which are even now being corrected.

I speak of the mid-year difficulty in the electronic industry, and the continuing problem of ready access by our garment and furniture industry to the CARICOM market and the inability of our manufacturers to replace CARICOM with other markets quickly.

The performance of the agricultural sector also reflected a small decrease. Some 0.2 percent less sugar was produced in 1985 than in 1984. The volume of output (100 000 tonnes) coincided roughly with the demands of our premium markets and our domestic requirements and was attained from a smaller acreage and by a higher rate of recovery of sugar from cane.

In many respects, these point to the conclusion that the industry is adjusting in a realistic way to the market and technological constraints with which it is faced.

Non-sugar output fell for the first time in five years, and then only by less than 1 percent. A disaggregation of the sector's performance illustrates the degree to which this was related to the heavy rains from May to October. For while food crop production was down by 5.3 percent livestock and fishing output expanded by 5 percent and 3.3 percent respectively.

Success story

These, Mr. Speaker, were the negative trends in the economy in 1985. All of the other sectors of the economy recorded real growth in 1985, with particularly strong performances in mining and quarrying, construction, the wholesale and retail trades, the utilities and business and general services.

The petroleum sector in particular continued its robust growth. Crude oil output increased from 634 881 barrels in 1984 to 678 990 barrels in 1985; an increase of 6.9 percent. So too did natural gas. Output rose by some 32.5 percent over the course of the year; from 8934 348 million cubic feet to 1 184 744 million cubic feet.

I am pleased to reveal, Sir, that as a result of the improved performance of this sector, we were, at the end of 1985 producing some 55 percent of our crude oil requirements as compared to 25 percent just five years ago.

Another success story, was our experience in relation to inflation. On a point to point basis between December 1984 and December 1985, the con-

sumer price index rose by only 2.5 percent, down from the 5.1 percent of 1984. The annual average rate for the year stood at 3.9 percent, the lowest rate recorded in Barbados in eighteen years. Indeed at the end of the year average prices for fuel and light, household operations and supplies, clothing and footwear were considerably lower. The country was able to enjoy six months of very stable food prices beginning January. By year end food prices had risen by only 4.2 percent.

The average size of the labour force increased by 1 000 persons to reach 113 300, of whom 92 100 persons were employed as compared with 93 100 in 1984. In response to the contracted performance of the economy the rate of unemployment was 18.7 percent, rising from 17.1 percent in 1984. Unemployment among the female segment of the labour force increased from 22.1 percent to 24.0 percent.

Employment in agriculture and fisheries dropped from 8 400 to 7 800 persons and in the manufacturing and service sectors, employment was lower.

Unemployment, as in other countries, continues to be our most intractable economic problem. The unemployment picture changed considerably in the last quarter as Government's capital development programme got into swing and new jobs were added in Manufacturing and Services.

In regard to the balance of payments the balance on visible account narrowed from a deficit of \$637.3 million in 1984 to a deficit of \$613.8 million in 1985. Imports were reduced by \$103 million to \$1221.6 million and exports slowed by \$79.6 million to reach \$707.8 million.

Exports to the United Kingdom, USA and CARICOM were down, significantly, but imports from the UK and CARICOM rose markedly. Trade with the USA was much weaker than in 1984, with imports down by \$133.1 million and exports also down by \$87.0 million. The USA therefore purchased 18.4 percent of local goods as against 27.6 percent in 1984.

Trade with the rest of the CARICOM region swung into a

deficit to the order of \$22 million reversing a surplus of \$21.2 million a year earlier.

With an improvement in the visible trade deficit and only a modest fall in service flows, the current account improved from a surplus of \$24 million in 1984 to a surplus of \$42 million. Foreign reserves during the year increased by \$86 million as against an increase of \$11 million in 1984.

Mr. Speaker the general conditions within which the Barbados economy will operate in 1986 allows us to predict our policy on the realisation of real growth of at least 3 percent in 1986.

Exports up

Already, in the last quarter of this fiscal year and the first quarter of the calendar year 1986, our export sectors, and indeed exports grew by 32 percent in January 1986 over January 1985. We anticipated a 10 percent increase in sugar output, and we further expect that our non-sugar sector will continue on the growth path which it has been following since 1981 and 1983 respectively. All around us there is unmistakable evidence of strong activity in the construction industry, and we envision that the strong performance of the service sectors of 1985 will be carried over into 1986.

It is also our view that the realignment in major currencies particularly the fall in the US dollar and new marketing initiatives in the USA and Europe will correct some of the difficulties we have experienced of late with the summer that the commitment of member countries of CARICOM to give effect to regional trade agreements will marginally improve the lot of our domestic manufacturers.

We however fully anticipate that domestic producers will begin to take the fullest advantage of the incentives granted in last year's budget to stimulate extra-regional sales, and that the initial efforts which they have already taken in the area of garments and furniture exports will come to full fruition.

Above all, there can be no doubt that the fall in oil prices will have a positive effect on

our growth prospects, both in terms of its effects on disposable income as well as through its impact on domestic costs and the cash flow position of our main productive sectors.

While the evidence is irrefutable that there are grounds for optimism that the Development Plan and measures introduced in last year's budget are working, we must always re-

member that, given the smallness of our economy, we must be ever watchful of our balance of payments position, our need to reduce expenditure on conspicuous consumption, increase savings, and our need to be competitive.

These are the considerations which have always informed the policies of this Government and they have been proven to be correct.

'A Good '85 in Spite of Bad Economic Climate'

I TURN NOW Mr. Speaker to the review of the domestic finances for the year 1985-86. The current revenue for the year was originally estimated at \$625.2 million. During the month of May, measures which were designed to provide additional revenue of \$34.4 million were announced. These included improvements in the administration of the major revenue collecting departments.

On this basis, revenue of \$660.6 million would have been expected. However, throughout the year, Government in an effort to assist manufacturers and individual importers, considered it necessary to grant waivers or refunds of Customs Duties and Consumption Taxes amounting to \$10.0 million.

As a result, provisional data at March 31st suggest that current revenue for the year was \$643.9 million or 12.1% more than fiscal year 1984-85.

Expenditure

Current expenditure for the fiscal year was estimated at \$646.6 million. During the year, supplementary estimates totalling \$45.7 million were approved. Thus, expenditure authorised by Parliament for the year was \$692.3 million.

Throughout the year and particularly during the month of March, various steps were taken to restrict the level of current expenditure and as a result, provisional data at March 31st now suggest that actual expenditure for

the fiscal year was \$653.5 million or 9.8% more than the previous financial year.

Capital expenditure for the year under review was originally estimated at \$183.3 million. Supplementary Estimates totalling \$35.0 million were approved during the year, making a total of \$218.8 million. However, because of unexpected delays in some of the major projects, actual expenditure at 31st March was \$146.0 million.

Mr. Speaker, the above information shows that there was a current account deficit of \$9.6 million an overall deficit of \$155.6 million or 6.3% of the Gross Domestic Product at market prices. However, if amortisation is excluded from the current expenditure and shown in the financing table net of capital inflows as is the custom, the deficit will be reduced to 5.0% of GDP.

Again, Mr. Speaker, if we take the financial position of General Government as is done by the International Institutions such as the IMF and World Bank, and include the surplus from National Insurance Funds, the Public Sector deficit will be substantially reduced to 3.5% of GDP.

These financial indicators have been used Mr. Speaker to demonstrate the quality of financial management which has been exhibited by the Government in spite of the difficulties which we have experienced as a result of the unfavourable international and regional economic circumstances.

Investing To Create More Jobs

MR. SPEAKER, every year, there is a lengthy discussion on the size of the Public Debt in spite of the fact that we have repeatedly emphasised that there is absolutely nothing wrong with the Government borrowing either on the foreign or local market to finance programmes which will increase the productive capacity of the

economy and in due course, place the country in an even better position to service and amortise its debt.

Once more, Mr. Speaker, in anticipation of the usual discussion, I repeat that the size of the Public Debt should not be discussed in a vacuum but must be related to the Gross Domestic Product and earn-

ings from exports of goods and services since these give an indication of the country's ability to service the debt.

It is a fact, that even though the Public Debt has grown over the years, so have the Gross Domestic Product and Export Earnings. Consequently, we are still in the fortunate position where our debt is manageable.

At March 31, 1986, the Public Debt was \$1.1 billion, of which the sum of \$616.2 million was borrowed locally and \$471.1 million from external sources. As shown in the Economic Report, the Gross Domestic Product at market prices for 1985 was \$2 473 billion, while earnings from visible and invisible trade amounted to \$1.6 billion. Amortisation and interest on the foreign debt for the calendar year 1985 was \$61.6 million or 3.9 percent of the earnings from the export of goods and services.

Mr. Speaker, any proper consideration of Government's financial position and the size of our debt must take into account the role that the state has and must play in maintaining and stimulating economic activity in Barbados. Were we living in an ideal world, we could expect the private sector to carry the full burden of generating activity, creating jobs, and providing the services which the society needs.

However, in our real world, where we have not yet developed an active enough entrepreneurial class in the private sector who are risk takers. The private sector in Barbados are followers and not leaders in the battle for restructuring and reform.

The state must accept some of the responsibility of providing jobs, adding to capital formation, and strengthening

the productive base of the economy.

The contribution of our public investment programme for this financial year has been set in this general mould. We intend to support job creation in Barbados by investing, as shown in the Capital Estimates, in agricultural diversification, in the rehabilitation and construction of roads and other productive facilities, in expanding opportunities for training and re-training, from entrepreneurs right down to skilled artisans, and accelerating efforts to penetrate markets for manufacturing and tourism.

The fiscal deficit which supports this programme, stands at just over six percent of Gross Domestic Product; an index which compares favourably with the double-digit deficits of most developing countries, and even some of the leading countries in the advanced world.

We must also reiterate that the control of transfers to the statutory organisations also represents part of Government's efforts to keep our deficit within manageable proportions. In my proposals last year, I served notice of Government's intention to create a unit of State Enterprises within the Ministry of Finance and Planning.

This Unit has subsequently been established and is, among other things, developing full-cost recovery systems for some

of our commercially-oriented enterprises, and formulating systems of financial control to keep the deficits of other boards down to an absolute minimum.

There has, Sir, been full consultation on these various measures, and I re-emphasise the point that we intend to secure the most efficient and productive uses of public funds by our state enterprises. Very drastic restructuring can be expected, Sir, in those State Enterprises which do not comply with our policy in this matter.

I am also pleased to inform the House, Mr. Speaker, that as promised last year in the Budget, the Ministries of Finance, Education and Labour have undertaken detailed joint planning during the course of the year to rationalise technical and vocational training in Barbados.

Towards this end, assistance has been sought from the Canadian International Development Agency to finance a study of the content and system of delivery of technical and vocational education in Barbados to determine the effectiveness of this system in relation to the present and projected needs of the productive sectors.

Phase I of this study commenced in March, and we envision being in a position on its completion to better programme our training resources to cope with the demands of the society in this area into the next century.

Putting Power in the Pockets

AS WE CONTINUE to pursue the path of restructuring our economy, this year's budget will provide more incentives for entrepreneurial development, increasing our savings efforts, reorganisation of our duty free provisions to carry into effect our diversification programmes in the tourist industry, increased help for our young people, the disabled and improved provision for the aged and unemployed.

Needless to say we will continue to discourage wasteful consumption of scarce world

resources nor will we encourage waste of needless goods.

Mr. Speaker, these measures must be looked at in relation to the proposals contained in the last budget which started us on the path of less reliance on the region and greater penetration of the USA, Puerto Rico and non-CARICOM Caribbean markets.

It is clear that we are on the right road. No effort must be spared, no wavering must occur in our search for new markets, in our revamping of our manufacturing activity to

provide the products these markets require and in the re-training of our human resources.

The enhancement of our competitive position will be constantly encouraged. The fiscal proposals I am about to outline are complementary to monetary proposals which, in accordance with our procedures, I have approved for action by the directors of the Central Bank.

This combination of fiscal and monetary proposals are realistic attempts by the Gov-

ernment to ensure sustained public/private sector activity in Barbados. I do not accept the contention of some, that in economies like ours, tax cuts alone will provide more jobs.

The experience of Barbados and other developing countries has been that the efforts of both the public and private sector are needed to promote and sustain economic growth, reduce unemployment and ensure a measure of equity in the distribution of economic gains.

Substantial increases in purchasing power should remain in the pockets of Barbadians through lower interest rates, tax reductions, reduction of oil prices and increases in welfare payments. When added to the increases granted last year in tax allowances, the full effect of which will only be appreciated

as tax returns are filled out Mr. Speaker, I submit to this Honourable House that, the totality of these measures can only be regarded as a tremendous effort on the Government's part to stimulate demand, encourage investment and improve the living standards in Barbados.

Mr. Speaker, and Honourable Members, in making a decision to release considerable sums of money to create the purchasing power in Barbados, I have been conscious of the need to design schemes to ensure that the largest proportion of this purchasing power is not devoted to consumption and imports but rather to the creation of savings, investment, or the purchase of locally produced goods and services.

Given the balance of payments problems of small open

economies, I am convinced that this objective is a correct one.

I therefore exhort the advisers of investment institutions in Barbados, the Directors of the proposed Stock Exchange, the banks and the mortgage companies to ensure that their machinery is sufficiently in order to be responsive to our objectives.

Of course, it will be said that more should have been granted in the form of greater tax reductions.

I believe however, Mr. Speaker, that Barbadians will realise that at the particular time in our history it is better for the Government to maintain job security, to share some of its revenue with the unemployed and the worst off in the community than to give more to the better off by tax reductions.

Interest Rates Go Down

GOVERNMENT'S monetary policy, executed through the Central Bank of Barbados, is designed to provide strong financial support for the producing sectors, especially the export oriented sectors, regarded as the cornerstone of Barbados' economic recovery. Through its Industrial Credit Fund, the Central Bank provided medium term credit to enterprises in manufacturing and tourism and through the Export Credit Insurance and Guarantee Schemes, it provided aggressive support for exporters.

During the year as international interest rates fell, the Central Bank with my approval, took the opportunity to reduce the cost of commercial bank credit to businesses.

The average lending rate of commercial banks was reduced on February 1 by one percentage point; a further reduction of one percentage point on May 15 brought the average lending rate down to ten percent. Also at that time, the savings rate was brought down from five percent to four percent and the Central Bank's own discount rate was lowered from 16 percent to 13 percent in line with the downward trend in international interest rates.

The rate on all variable rate mortgages was reduced to 12 percent on April 1; a further reduction brought the rate down to 11 percent on September 1. The cost of the special discounts offered at preferential rates to manufacturing, tourism and agriculture, were reduced by one percentage point on December 1.

The Central Bank also eased its restrictions on access to bank credit by the distributive sector so as to accommodate the increased sales from the expected pick-up in the economy. On May 15, ceilings on commercial bank loans for the construction, extension or repair of houses, were exempted from all restrictions.

However, controls remained on other personal sector credit to temper expenditure on imports. The export sectors, agriculture, manufacturing and tourism, have never been subject to credit ceilings.

I now wish to announce that:

1. The maximum rate on variable interest mortgages will be reduced to ten percent with effect from April 1, 1986;

2. The Average Lending Rate will be reduced to nine and one-half percent with effect from April 1, 1986.

3. The Board of Directors of the Central Bank with my approval, have also approved a further reduction in the Bank's discount rate from 13 percent to 11 percent.

Representations have been made to me that because of the appreciation of other currencies and particularly of the Japanese Yen against the United States dollar, the cost of motor cars has risen by about 25 percent and that in such a situation, there should be an easing of credit restrictions with respect to motor cars.

In recognition, however, of the increased cost of motor cars, I propose to amend the Hire Purchase and Credit Sale Agreement (Control) Order to ease the restriction regarding the percentage minimum payment in respect of a purchase. The current Order provides for percentage minimum payments and maturity as follows:

Price up to	Minimum Payment	Maximum Period for payment of balance
\$12,500	33-1/3%	24 months
\$13,501 - \$20,000	50%	18 months
\$20,000 - \$30,000	50%	12 months
\$30,001 and over	100%	

The above will be replaced by the following amendments:

Price up to	Minimum % Payment	Maximum Period for payment of balance
\$16,100	33-1/3%	21 months
\$16,101 - \$24,000	50%	15 months
\$24,101 - \$36,000	50%	12 months
\$36,001 and over	100%	

7,500 Will Pay No Tax

I NOW TURN to income tax reform.

Mr. Speaker, the record of this Government on tax reform is an honourable one. We have always felt that no tax system should ever be regarded as being so perfect that it does not require periodic adjustments to reflect the changing economic and social structure of the society in which it operates.

However, given the need in Barbados, to ensure balance in the distribution of our national resources, particularly maintenance of an acceptable level of social services, the suggestions of abolition of income tax when examined have always faced the problem of how to replace in an equitable manner the revenue at present collected from income tax by the revenue to pay for these services.

Since we do not intend as a Government to reduce the level of services provided in the community we on our side have always charted a course of systematic reform and modernisation of the system to provide greater incentives for savings and investment and increased rewards for those who are willing to work harder to improve their lot.

Every year since 1977, Mr. Speaker, this administration has introduced measures which resulted in a substantial reduction in the burden of income tax. During the process, well in excess of 48 000 persons were eliminated from the tax roll.

Up to last year, various allowances were increased. However, I now consider that it is time again to give further relief from personal income taxation through adjustments to the tax credits, tax rates and taxable income bands. The details of the proposed reform are as follows:

Tax Credits

The Tax Credits were introduced to bring special relief to those persons at the bottom end of the Income Tax Schedule. At the moment, there are applied as follows:

1. persons with gross assessable income of \$7 500 or less enjoy a tax credit of \$400;

2. persons whose gross assessable income exceeds \$7 500 but does not exceed \$8 500 receive a tax credit of \$250.

It is my view that the present credits do not go far enough and I have decided to abolish them from this income year and propose instead that persons with a gross assessable income of \$10 000 or less will not pay any income tax whatsoever.

The result of this new initiative, Mr. Speaker, will mean that another 7 500 persons will be immediately eliminated from the tax roll and when added to those who were eliminated in previous years you will see that between 1977 and now we have removed no less than 55 000 persons from the income tax roll. Mr. Speaker, that is not all! There is more to come.

Rate Adjustment and Taxable Income Bands

I turn now to the taxable income bands, and the rates which apply to them. At present the

Monetary policy

schedule of payment is as follows:-

Up to \$5 000	— 10%
Up to \$10 000	— 20%
Up to \$15 000	— 30%
Up to \$20 000	— 40%
Up to \$30 000	— 50%
Over \$30 000	— 50%

Effective from this income year, I propose the following:

Up to \$6 000	— 10%
Up to \$11 000	— 20%
Up to \$18 000	— 30%
Up to \$30 000	— 40%
Over \$30 000	— 50%

Mr. Speaker, these changes will bring some of the much needed relief from the burden of income and should lead to increased spending or savings on the part of those who benefit. Either result, should have a beneficial impact on economic activities in the country and in due course lead to increased prosperity for all of us. The above adjustments are expected to result in revenue loss of \$11.6 million.

Pension Schemes

Under the existing Income Tax legislation persons who make contributions to the National Insurance Fund are allowed to claim, those

contributions as a deduction for income tax purposes. In addition, they can claim 15 percent of their assessable income or \$1 500, whichever is the lesser, in respect of any pension schemes to which they contribute in order to supplement their National Insurance pensions. I propose effective from this income year, that such persons will be allowed to claim 15 percent of their assessable income or \$3 000 whichever is the lesser. This increase in the allowance to \$3 000 should provide a further incentive to Barbadians to make better provision for their old age.

Mortgage Interest Allowance

Mr. Speaker, it is a fact that Barbadians place great emphasis on house ownership.

Therefore, we have always accepted it as part of our duty to assist them in constructing their homes. Earlier, I announced a reduction in the mortgage interest rate and in order to provide a further incentive to such persons, I now propose that effective from income year 1986, the Mortgage Interest Allowance will be increased from \$9 000 annually to \$12 000. This measure is expected to result in revenue loss of \$200 000.

Allowance for Gardeners and Household Help

I propose to increase the allowance for employing a gardener from \$500 annually to \$1 200 and at the same time to foreclose doubts to extend the provision to cover the employment of a domestic or general household help with effect from this income year. This change which is expected to provide additional employment is estimated to cost \$300 000.

Bigger Breaks, Better Results

MR. SPEAKER in last year's Budget I introduced a number of measures aimed at aiding the expansion of the exports by local enterprises into countries outside of the Caribbean Common Market.

Already indications are that our measures are bearing fruit particularly with developments in the Puerto Rican market as well as those of the United States of America, Canada and the United Kingdom.

Admittedly the money value of these exports is not expanding as rapidly as I would wish, but we recognised at the outset that we were setting ourselves a difficult task in penetrating such sophisticated markets. That progress is being made cannot be gainsaid in the light of the gains being made in furniture manufacturing, packaging

and non-sugar agriculture.

This year I propose to extend to the tourist industry the market development allowance which was introduced in income year 1985, to aid export sales in extra-regional locations. Tourism remains our main earner of foreign exchange in spite of the difficulties which the sector is still experiencing. Government's support of the sector has been manifested in the granting of additional concessions under the Hotel Aids Act, as well as the provision of financial assistance through the Barbados Development Bank.

This new proposal it is hoped, will encourage the hoteliers themselves to be more aggressive in the marketing of their product either alone or in association with the Board of Tourism.

In 1985, for the first time, certain categories of commercial buildings which were not previously entitled to an annual depreciation allowance were granted such an allowance. Already the effects of this proposal are being seen as a number of such properties are being better maintained.

Mr. Speaker, if Barbados is to be considered a leading Service Centre, such actions must be encouraged as we seek to enhance the quality and attractiveness of the environment in which we live, work and play.

One percent more

I therefore propose, to increase this allowance by a further 1 percent calculated on the same basis as the current allowance; that is, the improved value of the property as

assessed by the Commissioner of Land Tax and shown in the Land Tax demand notices. The cost to revenue here is estimated at an additional \$1.6 million.

I now turn, Mr. Speaker, to properties designated as being of architectural or historic interest.

In 1983 in response to representations from the National Trust among others, this Government initiated a series of measures which were expanded upon in subsequent years, to give tax relief to owners of old buildings which all were agreed should be preserved. An annual repair allowance at a special rate was

granted in respect of such dwelling houses which were owner-occupied. This rate which was introduced in 1983 at 10 percent of the improved land tax value, was increased to 25 percent in 1984.

This year, as promised in 1983, I propose to extend some measures of tax relief to owners of such listed properties which are commercial in nature. A building allowance at the rate of 10 percent of the assessed value of the property will be extended annually in respect of these properties. This proposal is expected to cost (the revenue) some \$0.8 million.

Investment Income

Small developing countries

Devaluation Not the Answer

MR. SPEAKER, Government's commitment to the fullest development of the export earning capabilities is well known. In this spirit, we established a revolving fund for non-sugar agricultural exports, and created new investment and market development incentives for manufacturing in our 1985 budget. This year tourism will also benefit.

We are however also convinced that there is much scope for export earnings from the foreign activities of construction firms and other professional services. It is therefore Government's intention to create a special regime for such enterprises to enable them to be a competitive in countries outside CARICOM.

Proposal

I propose to introduce a provision for the allowance of a tax credit where the net foreign currency earnings from qualifying overseas construction projects as well as qualifying overseas professional services have been remitted through the Barbados Banking System.

I have fixed the credit at 50% of the foreign currency earnings. The definition of net foreign currency earnings is to be taken as the gross amount of foreign currency earnings received by the taxpayer in re-

spect of these projects or services reduced by the aggregate of all outgoings (including capital expenditure) incurred directly or indirectly outside of Barbados.

To qualify the taxpayer must satisfy the Commissioner of Inland Revenue that an amount of net foreign currency earnings has either been transferred in overseas currency to the credit of the taxpayer through the Barbados Banking System or paid in funds held in Barbados by the overseas client-funds which are otherwise remittable from Barbados in terms of the Exchange Control Regulations.

Mr. Speaker, in respect of incentives for companies in Barbados exporting to CARICOM, it will be recalled that there was a Harmonisation of Fiscal Incentives Agreement which attempted to preclude governments from granting different incentives to their manufacturers.

This agreement has been the subject of a review for a considerable period of time and regrettably no new agreement to replace the existing one has yet been finalised. While I do not wish to take any action which will place Barbados in a position different from its well-known one of honouring its CARICOM obligations, I would emphasise that this Govern-

ment does not intend to stand idly by and allow its manufacturers to operate in an environment in which some countries by the device of devaluation and non tariff measures have placed their manufacturers in a particularly advantageous position.

This matter will be kept under constant review and if necessary extra-ordinary steps will be taken as needed to ensure that no unfair advantage is obtained by any country within CARICOM in the Barbados Market. In the meantime, we shall continue to press for a new regime to replace the existing one.

I reiterate that his Government does not believe that devaluation is any solution to the problem of competitiveness which face Barbadian producers.

Mr. Speaker, earlier I announced a special measure for certain small businesses. Other small businesses will not be left out. A complete examination of the range of instruments which can assist this class of business, including the feasibility of having a special corporate tax for small firms is now being undertaken.

It is expected that this appraisal will be completed for introduction in fiscal year 1987.

In this connection, I must add that a report on business failures in Barbados should be available by then as well as an assessment of loan defaults of the Barbados Development Bank.

This information will un-

questionably be useful to the Government in designing mechanisms to aid genuine small and responsible businessmen who are aware of the necessity for probity and fiscal responsibility as these are the ones that we are targeting our system at.

Tax Relief for Music and Sport

THE TRIENNIAL REVIEW of Land Valuations in this country was carried out last in 1984, giving rise to new valuations which came into effect from March 20, of that year. We noted then that the primary purpose behind the valuation exercise was not to put unreasonable burdens on taxpayers, nor to increase the yield from the tax. In October 1984 the existing tax rates were reduced so that most property owners enjoyed a reduction in the rate of about 20 percent.

However, Mr. Speaker, the House was informed at the time that quite a number of property owners would not have benefitted from those reductions. On this occasion, Sir, I propose to redress that imbalance by introducing, effective from this tax year, the following rates with respect to the improved value of land only — a rate of 0.4 percent up to \$500 000; plus 0.75 percent of any excess up to \$1 million; plus one percent of any excess over \$1 million.

Some \$1.9 million in revenue will be lost by virtue of this measure.

Licensing fees

Last year, Mr. Speaker, I made a few adjustments to the fees which the Licensing Authority collects from Public Service vehicles, to correct a few existing anomalies.

This year I am proposing two further changes (to the existing fee structure to take effect immediately). One change, however relates to the introduction of a new category of

Public Service vehicle; a hired limousine service which will carry the designation HL. The fee for a permit to operate such vehicles will be \$2 500 while the annual tax will be \$1 200.

The other change I am proposing, Mr. Speaker, is to equalise the annual tax payable in respect of self-driven hired cars with that chargeable for a taxi driven by a person other than owner. The permit fee remains at \$2 500, but the tax now will be \$800 per annum instead of \$1 200.

The net effect of these measures is expected to be a cost to revenue of \$350 000.

Consumption taxes

Mr. Speaker, last year as a concession to the tourism sector I reduced by one-half the rate of the Consumption Tax on wine from \$5 to \$2.50 per litre. This year I propose to respond to a number of requests for relief from sporting and cultural organisations.

Wind surfing and surfing generally have become very popular sporting activities locally in recent years. I, therefore propose to treat these activities like any other outdoor sports and exempt their equipment and other requisites from payment of consumption tax.

I also propose to extend a similar concession in respect of equipment for target shooting, and requisites for billiards and table-tennis.

On a more mellifluous note Mr. Speaker, I propose to reduce from 15 percent to zero the consumption tax currently payable on musical instru-

ments. This measure should bring some joy to the hearts of all local musicians, and encourage them to continue to upgrade the quality of their instruments.

Opportunity is also being taken while on the subject of consumption tax, Mr. Speaker, to remove the consumption tax of ten percent currently charged on micro-wave ovens used for domestic purposes. As I understand it this piece of equipment may be seen as energy conserving and therefore it is now being added to those similar items from which the consumption tax was removed in my last Budgetary Statement.

These proposals all take immediate effect, and are expected to cost the revenue some \$0.4 million in a full year.

Petroleum: Little Less to Fuel Up

MR. SPEAKER, this is the first time since 1983 that the issue of petroleum is being addressed in the Budgetary Proposals. That the issue should occupy our attention now is not surprising in the light of the present turmoil in the world's petroleum markets, and the alacrity with which some uninformed local experts have rushed into print with their pontifications on the matter.

However, as in 1983, this is an area where I am proposing substantial changes, without imposing any increased charges on the consuming public.

The present volatility of the world oil situation has begun to impact on the Barbados economy. As Barbados is both a producer and importer of crude oil and related products, the recent steep decline in oil prices has had a double impact.

The effect on the local drilling operations carried out by the Barbados National Oil Company Ltd., has been negative as the price of its crude, which is based on the Venezuela Tia Juana medium, has fallen from US\$25.92 per barrel in January to US\$13.51 by March 6.

Quite obviously therefore, this company which has realised net profits of \$19.3 million during its period of operating so far, has had to review its operations in these changed circumstances.

Despite all of the forecasts and predictions from the soothsayers, the oil industry has traditionally confounded all who have dared to apply the art of forecasting to its behaviour, so no one really knows at what level crude oil prices will stabilise.

Nevertheless, certain serious decisions regarding continuing exploration will have to be made as the profit margins of the operation are being eroded by the decline in prices.

Clearly, Mr. Speaker, Barbados is not alone in having to take such decisions, as is evidenced by the massive lay-offs and job losses occurring in Alaska and Texas, the major oil states of the United States, and in the North Sea Operations of the United Kingdom, and next door in Trinidad and Tobago. But we have to take the bitter with the sweet, and since the oil producing sector is only a minor part of our economy, the Government has been monitoring the ex-refinery prices closely with a view to taking such action as would ensure that whatever savings accrue from the depressed prices are equitably distributed in the economy.

Before I detail the proposals in this area, however, I need to advert to the Agreement signed on October 19, 1962 by the then Government which sets out the pricing mechanism with respect to products supplied by the local refinery. The Agreement specifies that:

"The Company shall make available gasolenes, kerosene, distillates and fuel oil in bulk quantities to the marketing companies in Barbados at the Refinery, the prices of which shall be equal for each product on the date of delivery, to the arithmetical mean of low quota-

tion by Platt's Oilgram for cargo lots of such product at Aruba, Curacao, Amuay and Cardon for the calendar month immediately proceeding that during which the deliveries in question are made plus insurance, ocean leakage and a freight component . . ."

The Agreement also provides the formula for computing this freight component.

Ever since 1962, this has been the basis of Government, it should be noted, Mr. Speaker, that quotations were available only from Aruba and Curacao since the late 1970s and more recently only from Curacao and it is very difficult to obtain regular detailed information from Venezuela. The Aruba refinery is closed.

Amendment

Consequent upon this, discussions were held with the refinery with a view to amending the existing pricing mechanism, but agreement has not been reached. However, the Government has taken the decision to utilise the ex-refinery prices from Venezuela and Trinidad and Tobago as the basis for determining the local product prices.

This decision was predicated on the fact that the refinery's feedstock is either sourced in these two countries as in the case of the cocktail mix and reformate respectively, or priced with reference to them.

Having decided on the above, I can now announce that effective midnight tonight, the new retail prices for petroleum products from the local Mobil refinery shall be as follows:

Gasolene \$1.10 per litre — a reduction of 5c/19c gal.

Kerosene 55c per litre — a reduction of 7c/27c gal.

Automotive deisel 90c — a reduction of 5c/18c gal.

Industrial deisel — a reduction of 18c gal.

Mr. Speaker, the economy of Barbados, like that of any oil importing country, has been based on high energy prices for the last decade. Among other things, the level of wages, the cost of utilities and food in particular, reflect the prevailing high energy prices.

Now that the energy prices are falling and we are in an era of low inflation, and low interest rates, we have to monitor these areas of our economy if we are to remain competitive. Because these dramatic changes have only occurred recently, no one is certain of the effect on their particular economy.

The question being asked in every country is: Will there be a reduction in the general level of costs at as fast a level as the reduction in energy prices, or will they not change at all.

However, Governments have to make decisions even in situations of such economic turmoil. Based on current information which suggests that crude oil will stabilise at about US\$15 a barrel on average during the first two quarters of this fiscal period.

I have taken the decision to share the windfall which is likely to accrue from the shake-out

in the world petroleum market between the concessions via reduced prices to consumers which I have announced already, and the Government revenue through the revenue proposals I will now announce.

Tax rise

I propose to increase the consumption tax on gasoline, kerosene, automotive and industrial diesels by 12.31; 3.498; 7.757 and 7.649 cents per litre respectively with effect from midnight tonight.

Mr. Speaker, indications are that the fuel oil market price is lagging far behind the drop in crude prices.

This situation is very uncertain but analysts in the oil industry expect the situation to remedy itself (in the near future). I do not intend to increase the tax on fuel oil or to impose price control on the product, however, in order to ensure that fuel oil which forms a large portion of revenue of the refinery in Barbados does not distort revenue available to the refinery, I propose to reduce the tax on fuel oil from 2.045 to 1.045 cents per litre.

The one cent per litre will be shared equally

between the consumers and the refinery with the latter getting a surcharge of 0.5 cents. This will be the only surcharge allowed to the refinery.

The situation with the fuel oil imports as well as other petroleum products, will be monitored to ensure that Barbados' feedstock prices bear, as close as possible, a relationship to the price at which our competitors worldwide receive their feedstock.

The reductions in the price of crude oil have impacted also on the price of liquefied petroleum gas (LPG). Effective from midnight tonight therefore, the controlled prices of this product shall be reduced by 12 percent as follows:

	Current	Proposed
Cylinder of 100 lbs	\$91.00	\$80.50
Bottle of 25 lbs	\$24.50	\$21.87
Bottle of 20 lbs	\$19.60	\$17.50

These changes in the level of consumption tax together with those taken earlier with effect from March 17, should net the revenue some \$15 million. On the other hand the concessions via the reduction in the retail prices should approximate to \$7.4 million in a full year.

Goods To Tourists: Duty Free Items Right Over Counter

MR. SPEAKER, before I leave this general heading of indirect taxes I will now deal with the reform of the duty-free shopping scheme.

The 1983-1988 Development Plan noted the importance of duty free shopping as a major component of our tourist product. I recognised the need to review such operations given the loss of the competitive edge of our duty free establishments. Toward this end the several constraints to the expansion and attractiveness of duty free facilities have been identified and remedied.

As a first step, administration of the drawback system has been improved consider-

and indeed towards this end, I have determined a number of items which may only be purchased for delivery at the port of departure from the island.

In essence therefore a dual system of duty free operations is being introduced to allow for:-

(a) the immediate "over the counter" delivery of items; and

(b) a continuation of the existing system whereby items may be purchased for delivery at the port of departure. I have agreed also to extend the list of goods which may be purchased under the duty free scheme.

A list of the items concerned are shown in the attached appendices II and III.

ably and the period for refunds from the Customs Department to the store operators has been shortened significantly.

Secondly operators have been encouraged to make use of the licensed warehouse system to avoid tying up large sums of funds by having to pay up-front all duties and taxes on the imported items. More recently the sale of such items to bona fide tourists have also been allowed drawbacks to stamp duty.

I now propose, Mr. Speaker to further change the existing system by allowing the direct delivery and receipt of a number of items purchased by persons in possession of the requisite travel documents. The system will be carefully monitored to prevent any abuses,

Social Security: Something for the Old and the Disabled

MR. SPEAKER, this administration's commitment to the view that the society should make adequate provision for the elderly, the disabled, and the unemployed is well-known. In keeping with our long established tradition of caring for this group of persons, a review of the financial assistance which is given to them has been

undertaken. The actuarial review of the National Insurance Scheme has taken place and as a result, effective from 14th April, 1986, Contributory National Insurance Pensions and related benefits will be increased from \$50 per week to \$60. From that same date Non-Contributory Old Age Pensions will be increased from \$40 per

week to \$48 per week. Mr. Speaker, this is a far cry from that Old Age Pensions were when this administration assumed office nine years ago. In fact, at that time Old Age Pensions were only \$13 per week.

These proposals will result in additional expenditure to the National Insurance Fund of \$13.6 million.

At present, able-bodied persons who are not eligible for unemployment benefits and who do not receive any other form of financial assistance qualify for a minimum grant of \$2.50 per week and a maximum of \$5 per week. These rates were fixed in 1980 and are out of date. Since then the purchasing power of the benefits has been considerably eroded by inflation.

Welfare Grants and National Assistance

Effective April 14th, the rate of assistance will be increased to \$5 and \$10 respectively.

The next group Mr. Speaker, is that of the disabled persons. This group of persons has always been granted special treatment.

Presently, assistance is provided to such persons as follows:

(a) minimum rate of \$8 per

week

(b) maximum rate of \$12 per week or in cases where such a person is over the age of 55 and is not in receipt of Old Age Pension, \$15 per week.

However, with effect from 14th April, the new rates will be \$12, \$16, and \$20 per week respectively.

While we are on this subject, Mr. Speaker, we must not forget the children. At present there are some 6 400 children who now received \$4 per week from the Welfare Department and effective from April 14th, I propose to increase their weekly allowance to \$8.

Special Government pensions

These increases are expected to result in additional expenditure of \$2.3 million.

Mr. Speaker, many representations have been made about the plight of government pensioners who retired prior to

1975-76. It is claimed that the cost of living allowances which were granted to pensioners at the time of salary revisions did not deal adequately with the special circumstances of these pensioners whose salaries were fixed prior to the oil price crisis and did not take into account the inflation caused by the 1974 oil price rise. I have examined these concerns and I am satisfied that something special should be done for them.

Effective from April 1st, those persons will receive an increase in their cost-of-living allowance of 50%. This proposal will result in additional expenditure of \$253 380. As is customary the other Government Pensioners will receive adjustments when salaries are fixed for serving Public Officers but the extent of that adjustment is dependent on the outcome of the negotiations which are now taking place.

Sweet Life for Civil Servants

AS YOU ARE AWARE, Mr. Speaker, this year is one in which negotiations will take place in respect of a new agreement for Government workers. Submissions have been received from a number of the Unions representing various branches of Government workers. I have already had a number of meetings with some of these Unions and I intend to hold meetings with the others. In the circumstances it would be most improper for me to set out in detail the Government's negotiating position. I shall content myself on this occasion by saying what I said to the Unions, part of which is now public knowledge.

Public workers in Barbados are very fortunate in that an examination of their position since 1980 reveals that between 1980-81 and 1985-86 there was an increase in inflation of approximately 49.5 percent. Public sector wages during the same period increased by an overall average of 68 percent.

In addition the number of Public sector workers have not decreased, indeed, there has been a small increase due to the expansion of Government services. Government can truthfully say that Public servants have enjoyed both an increase in their standard of living and job security. It is enviable that in current negotiations the above facts together with the general economic climate of low inflation reducing oil prices and the need to provide expanded job opportunities will materially affect Government's negotiating stance.

Mr. Speaker this brings me to the end of this year's Budgetary Proposals. I have given concessions of approximately \$40.6 million while the proposal for increased revenue should raise \$15 million.

Concessions

Personal Income Tax	\$12.1 million
Corporation Tax	\$2.4 "
Land Tax	\$1.9 "
Licensing Fees	\$0.3 "
Consumption Tax	\$0.4 "
Welfare Grants	\$2.3 "
Government Pensions	\$0.2 "
Reduced Petroleum prices	\$7.4 "
	<hr/> \$27.0
National Insurance Pensions including Old Age Contributory Pension)	\$13.6

Increased Revenue

Consumption Taxes on Petroleum products	\$15.0
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Mr. Speaker, last year when I granted a number of concessions I stated that efforts will be made to ensure that all taxpayers complied with the law and that a vigorous effort will be made to increase the efficiency of the assessment and collection procedures.

Considerable progress has been made in these areas in both the Customs and Excise, and Inland Revenue Departments. Additional staff has been provided and a decision taken to have in-house legal advice within the Ministry of Finance and Planning to further assist these efforts.

I am sure, you will agree Mr. Speaker, that it would be most unfair to the honest taxpayers if those who indulge in false invoicing, under-reporting of income, and other tax evasion techniques were not earnestly pursued.

I give this Honourable House the assurance that no effort will be spared to ensure that the guilty are dealt with.

All the Wonders of a Productive and Progressive Government and People

MR. SPEAKER, as we reflect on our experiences over the past five years, we can only be pleased at the degree of resilience which this society has shown in tackling the various challenges with which it has been confronted.

Barbados and Barbadians can be proud of the fact that the economy has weathered the storm of recession which raged between 1981 and 1983, and has emerged from it with our productive systems geared

for growth.

I venture to suggest, Sir, that few countries of our size or status have fared as well as Barbados. We have been able, at the height of the recession, to maintain a level of public expenditure on both current and capital account which has had the effect of maintaining internal demand at a level sufficient to prevent severe domestic depression.

Government employees have had the benefit of job security,

and indeed, while other Caribbean Governments were cutting numbers in their Public Service, we were maintaining our numbers, expanding our Government services, and increasing their pay in excess of inflation.

Future generations, Sir, will marvel that this BLP Government found the resources at the height of recession to build the Cement Plant and Heywoods, complete a major school build-

ing and renovation programme, construct two major highways and lay the foundation for a modern road network system.

They will marvel too at the manner in which we set about transforming the face of Oistins, Speightstown, the Glebe, and made the way clear for the revolution of our fishing industry.

Last year we announced new training programmes for our youth and unemployed. This year special consideration is given to the aged and handicapped and those in need of welfare.

Our communities already know the benefits Sir, of our efforts to release the cultural energies and imagination of all Barbadians, the care we have shown in providing insurance for the unemployed and the considerable leap forward that has been accomplished in the physical amenities now at the disposal of so many villages and tenancies across the land.

Inflation down

Despite the dire predictions of the prophets of gloom and doom, we have kept the value of our dollar stable, built up reserves for the use of future generations and brought down the rate of inflation to the point

where the purchasing power of our incomes remain intact from year to year.

Our productive sectors have not been left wanting, Mr. Speaker. We stood solidly behind our sugar industry when there were voices calling for it to be cast to the winds. We have introduced measures to stimulate manufacturing exports and have left no stone unturned in easing the cash flow difficulties which normally accompany recession. The additional \$10 million in tax waivers we allowed last year were our tangible way of giving support to our private sector in its time of need.

Let us also recall, Mr. Speaker, that through judicious adjustments to our income tax arrangements, we have managed to stimulate record levels of savings in our banking system and particularly in our credit unions.

In retrospect, Sir, 1976-1981 were good years. Bearing in mind the recession, 1981 to 1986 were even better years. Today, as we look to the future with our economy poised for sustained recovery the best is yet to come. I am confident Mr. Speaker that the same sense of co-operation and public spiritedness shown by all sections of the community which has carried us through

difficult times will prevail.

As I was called upon under tragic circumstances to assume the mantle of leadership in 1985 I was buoyed up by the knowledge that the Barbadian economy was moving forward not backward.

Inspired by this, I felt confident enough to introduce a number of new measures to spur this forward movement in the restructuring of our economy and our society.

The proposals I have announced today will set us on the road to many more firsts. As we move forward to new levels of competence in our manufacturing, in our diversified agricultural production, in our financial and tourism sectors, let us compete in the international arena with the same skill, competence and dedication of our great West Indian Cricket Team.

This Budget has been designed to set the stage for growth through restructuring and incentives.

This party, which I keenly feel the honour to lead, has stood proudly in the tradition of putting Barbados first.

We intend through this Budget and the policies of the Barbados Labour Party to keep Barbados first. It is in this spirit, Sir that I commend these proposals to the House.

/9274

CSO: 3298/416

BARBADOS

OPPOSITION SPOKESMAN HAYNES COMMENTS ON PROPOSED BUDGET

Main DLP Points

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 1

[Text]

CHIEF OPPOSITION SPOKESMAN on finance and planning, Dr. Richie Haynes, was mobbed in the Public Buildings yard at the end of his reply to the 1986 Budget last night.

In scenes reminiscent of the famous 1975 "Cheques Reply" by then Opposition Leader Tom Adams, an estimated 300 cheering supporters crowded him as he made his way out of the Parliament Building.

In his two-hour presentation, dubbed A Different Path, Dr. Haynes outlined a package of alternative economic and financial measures, designed, he said, as a partial restoration of the tax benefits obtained under the Democratic Labour Party (DLP).

The package of promises, which a future DLP Government would implement, ranged from the re-introduction of Christmas advances for public workers, increased old age pensions, and assistance for potential homeowners, to the abolition of tax on all income up to the first \$15 000 a year.

It was a response to proposals outlined the previous day by Prime Minister and Minister of Finance, Bernard St. John, which contained a similar measure abolishing tax on gross assessable incomes up to \$10 000.

Tax returns out

However, Dr. Haynes said his proposal differed in that it referred to all income up to the first \$15 000 and workers would not have to file an annual tax return but only a declaration of the amount earned in the interest of certification.

He also proposed a maximum tax of 50 percent on the incomes of those at the top of the scale, that is, on incomes of \$30 000 or more, compared with the 60 per cent contained in Mr. St. John's Budgetary Proposals.

Dr. Haynes said a DLP Government would raise all family allowances to 50 percent, remove all tax on pensions and severance payments, reduce Corporation Tax to a maximum of 35 percent and introduce a graduated system from between 15 percent and 35 percent.

He would abolish the levy on agriculture, which he described as "serving no useful purpose and is ultimately confiscatory of people's land".

Dr. Haynes also promised a package of incentives to agriculture and a grant of \$250 000 to the Barbados Agricultural Society (BAS), while maintaining a price support and/or a subsidy for the sugar industry.

He pledged that all so-called "slush funds" would be abolished and taxes and levies would be paid directly into the Consolidated Fund.

Administration Failures

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 1

[Text]

OPPOSITION spokesman on finance, Dr. Richie Haynes, has described Prime Minister Bernard St. John's Budget as a structural attempt to conceal Government's appalling performance over the past five years.

Dr. Haynes said it was a two-hour hallucinatory experience, which removed the Prime Minister from the realities of life in Barbados and the problems facing the country.

There were, he said, a few fiscal measures and a few minor monetary measures, and some long overdue welfare benefits, "far too little and far too late".

"Indeed, Sir, the only ill-articulated measures which have some relevance to the Barbados economy were those measures relating to the energy sector and they do reveal, in my judgement, that the Government continues to have a complete misconception as to what constitutes an appropriate energy policy for a small open developing economy like Barbados."

The total Budget, he said, was a patching experience to cover up Government's deficiencies just as it was now patching up the potholes in an attempt to fool Barbadians.

The objective reality of the past five years, the Opposition spokesman said, was one in which the Barbados Labour Party inflicted on the country "persistent economic stagnation", evidenced by the overall negative growth during the period, job destruction and levels of unemployment which were totally unacceptable.

"It was a period, Sir, of over-taxation which has undermined the productive capacity of our individual and corporate citizens, and has led to bankruptcies and receiverships on a scale not seen in this country before."

There occurred, he said, the wanton destruction of the economy's resilience to external disturbances by the squandering of the foreign reserves, through the pursuit of politically determined domestic fiscal policies and gross negligence in the management of

our affairs under the Caribbean Multilateral Clearing Facility.

Dr. Haynes said that during the past five years we had witnessed the near destruction of the sugar industry and the indigenous manufacturing sector, while the entire financial fabric of the tourist industry has been severely undermined. The period also saw the tragic mismanagement of two major public financial institutions, intolerable losses in Government's commercial ventures and the persistent erosion of the competitiveness of the export sector of the economy, as the result of inappropriate fiscal and energy policies.

According to him there were steep rises in the public debt both external and internal, bad housekeeping by Government, as seen by the deficits on the current accounts, runaway and inappropriately financed deficits on capital accounts, squandermania and wastage of public funds on either ill-conceived or ill-executed public projects.

Cost-Cutting Schemes

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 1

[Text]

DR. RICHIE HAYNES feels Government should be collecting over \$50 million less than they do.

THE Democratic Labour Party (DLP) has done a lot of

work in looking at the tax demands of Government and the expenditure pattern of the Barbados Government, Dr. Haynes said last night.

He said the DLP felt very

strongly that there was a considerable amount of room for control of Government expenditure in Barbados.

Dr. Haynes said the DLP had devised a programme in detail

for the control of expenditure and the control of losses in Government's commercial ventures. He added that when they analysed the savings from the losses, the turnaround in relation to the profits generated on those projects which will be retained under public ownership and the cutbacks in Government expenditure they found that the demand for taxes should be reduced by no less than \$53 million.

Dr. Haynes said the DLP in focussing on Government expenditure had looked very carefully at the style of Government and its impact on the de-

mands within the entire public sector.

"We have established criteria for evaluating the contribution of statutory corporations. We have looked very much at mechanisms by which there could be effective control of the budget of statutory corporations."

Dr. Haynes said the leader of the DLP, Errol Barrow, had already announced a substantial part of the divestment programme of the DLP in respect of certain commercial operations. He said they had looked at the growing expendi-

tures on defence and security as well as measures by which they could reduce the escalation in the public debt, restructuring it if necessary in order to reduce the immediacy of the burden of debt on revenue.

Dr. Haynes said the DLP looked into the areas of discipline and restraint in Government spending. "We have looked at every means of cutting down on Government wastage. We have looked at methods for better financial management and control of capital projects and we have looked very carefully into the techniques that we could use."

Party Differences

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 3

[Text]

THE OPPOSITION Democratic Labour Party (DLP) is concerned about the National Insurance Scheme (NIS).

"They (the BLP) don't seem to understand their budget has no more status than anything we say. An election is due and the people will have a clear choice whether they want to continue with their policies or want our policies," said Dr. Richie Haynes.

"The unemployment benefit — we are concerned that fund seems to have reached its maximum in terms of the surpluses generated of \$41.7 million. There are increasingly heavy demands being made on the fund. The severance payment fund of Barbados is broke."

"On February 12, 1986, a \$14 million loan was approved by the NIS board from the unemployment benefit fund to the severance payments fund. What is worse is when you hear the Government talk about prosecuting people in the private sector for not paying their NIS contributions, on February 25, the Transport Board owed \$3 312 258.90 in National Insurance to the fund."

"The board considered

whether they should prosecute the Transport Board and they declined to do so. They should have prosecuted both the Transport Board and the minister."

"Last budget the Prime Minister said he was presenting an employment generating budget. He had measures for housing and exports and said the success of that budget would be measured by three things; an improvement in the export capacity of the economy, an increase in the number of the housing stock and an increase in the employment levels in Barbados."

"On all three counts I would say the budget was the failure I said it was in 1984. Unemployment has increased, and if you were to look at their performance between 1981 and today, 12.8 thousand unemployed in 1981, 16.9 thousand in 1983, 19.2 thousand in 1984 and 21.2 thousand in 1985 and they have the gall to say there were 4.8 thousand people in Barbados who are voluntarily idle."

"People who have withdrawn because of frustration, people who have gone to potential candidates and have been given letters to go to a large number of employers, but still

can't find a job."

"Unemployment in Barbados cannot be solved by increased taxation, borrowing, and Government spending on capital intensive projects. The BLP has been a total failure and has been a major contributing factor to the undermining of the viability of the private sectors in Barbados."

"The DLP is determined to reverse these trends and convinced that a more enlightened financial regime is required to stimulate investment leading to more stable growth and permanent jobs. We are determined to put an end to the inappropriate financial policies which permit investment to flow to capital intensive projects in a country where capital is scarce and labour is plentiful."

"I am in fundamental disagreement with the philosophical position taken by the Prime Minister yesterday that they are the leaders and the private sector are the followers — that has some serious implications for the future of Barbados, Government and the future of democracy."

"I say the larger the public sector grows in the economy of Barbados, by that extent our freedoms have diminished over

the years. If ten percent of Government's capital expenditure had gone into a job stabilisation plan for the productive sectors of the economy, taxation would be far less today, unemployment would be not more than six percent and the public debt would not be in ex-

cess of \$800 million."

"There is a tremendous role for a development banking institution in Barbados and as part of our capital and job stabilisation plan, the BDB will be transformed into a full scale bank....."

Excessive Borrowing

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 3

[Text]

THE NATIONAL Insurance Scheme (NIS) in Barbados is being hurt by excessive borrowing by Government.

In his replay to the 1986 budget in the House of Assembly yesterday, Opposition spokesman on finance, Dr. Richie Haynes said: "Government borrowed some \$167 million of the assets of the National Insurance board by way of treasury bills, overall borrowing 62 percent of the total assets. The assets of the National Insurance board has grown from \$272 million to

\$374 million during the period.

"However, interest revenue was \$28 million in 1982, \$34 million in 1983 and \$23 million in 1984.

"The average monthly surplus which used to be about \$3 million is down to \$1 million. This is a direct result of Government's investment policy in relation to NIS funds."

Dr. Haynes spelt out the position of the Democratic Labour Party (DLP). "Our policy will be to maintain the integrity of the social security system of Barbados. There will be

greater diversification of the investment portfolio of the NIS board. We will aim for a higher yield on those investments and for a proper maturity structure.

"We are determined to keep the promise made to old age pensioners that the minimum pension paid to them should be \$50. We will increase the non-contributory old age pension from \$40 to \$50 per week and the minimum contributory pensions from \$50 to \$62 per week."

Foreign Reserves

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 3

[Text]

OPPOSITION spokesman Dr. Richie Haynes says there have been no major changes in Barbados' foreign reserves or balance of payments since 1984.

He said the Central Bank's external debt was some \$160 million, about \$97 million of which was the debt to the International Monetary Fund (IMF) being held on behalf of Government on a promissory note.

"The other aspects of our foreign reserves constituted liquid assets of some \$115 million."

According to Haynes there was one curious development

that in our foreign reserves the commercial banks were holding end-of-month balances of some \$50 million, a practice started in 1984 and continued last year.

He called on Government to give some explanation whether the Central Bank had altered its instructions to the commercial banks or whether the long position was being manipulated, to some extent, in order to generate some kind of profitability.

Dr. Haynes quoted from the annual report of the Central Bank for 1985 that substantial

external borrowing was required to maintain an adequate level of foreign exchange reserves; Government had borrowed on both the Tokyo and London markets to sustain the balance of payments, securing an \$86million increase in foreign exchange reserves; at the same time foreign exchange reserves had to be strengthened since the country faced a bunching of debt payments in the 1986-87 period; US\$50 million had been borrowed in London and the proceeds of the second loan placed on a sterilised deposit for the Government at the Central Bank."

Defense Force Cuts

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 3

[Text]

BARBADOS needs a 100-member Coast Guard, according to Dr. Richie Haynes, Opposition spokesman on finance, but the Defence Force is too big.

In the Budget debate yesterday Haynes said the unit helps control smuggling, drug-trafficking and protects against armed assault at sea.

Haynes said the Opposition Democratic Labour Party (DLP) is satisfied that a small, sharp commando unit can meet the needs of Barbados on land.

"One of the defects in formulating policy is that only a few weeks ago we were told the

Force consisted of 1 000 people, 200 less than the Defence Force, some of them Regulars and some of them Reserves."

He said without sending home anybody, we can absorb the army into the productive life of the community, whilst at the same time restructure it so demands on current and capital expenditure can be substantially reduced.

Haynes said in the period 1976 to 1980 the country spent \$10.6 million on Capital Expenditure, on Defence and Security.

"In 1981 to 1986 we spent \$134 million on Current and Capital Expenditure."

He said this situation could not be allowed to continue and, "facing the realities of the situation, and facing the military logistics" in terms of efficiency, we can retain jobs and, at the same time restructure the Defence Force so as to reduce this "vast expenditure."

He said that, whilst it is good to have a "first reaction" unit, it is also very important to look at the cost of that unit.

Assessment of Debt

Bridgetown WEEKEND NATION in English 4-5 Apr 86 p 17

[Text]

BARBADOS' NATIONAL DEBT

is not the \$1.1 billion claimed by the Prime Minister but \$1 454 400 000, according to Dr. Haynes.

He said external debt totalled \$731.5 million, of which central government accounted for \$44 million; Government guaranteed external debt, \$127.4 million; Central Bank, \$160 million, of which \$97.6 million was the IMF debt being held for Government.

He said the domestic debt was \$722.9 million, of which the central government debt was \$644.8 million; Government guaranteed debt, \$78.1 million; statutory bodies, \$19.4 million; BDB bonds, \$26.9 million; and private sector public guaranteed debt, \$31.8 million.

According to him if you wanted to be technical you could exclude the \$31.8 million and the figure would still be well over \$1 454 400 000. But, he said, that did not include suppliers credit to the Govern-

ment or Government agencies, the overdrafts by most of the statutory boards and Government's commercial projects in Bridgetown nor the huge deficits built up in Government financial and non-financial sector.

Dr. Haynes showed, with the use of a chart, that in 1976 the national debt was \$241 million as opposed to the present figure.

He argued the Government's projections for this year necessitated borrowing another \$184 billion and suggested Barbadians should get them out of office before they had the opportunity to do so.

He showed since 1976 they had increased the country's domestic debt from \$208 million to \$722.9 million; the foreign debt from \$50 million to \$731 million, a total increase of \$1 196 000 000.

He asked if that money should have been borrowed and yet more people were un-

employed today than in 1976, the country experienced a two percent contraction over a five-year period, and every productive sector of the economy was in the state it was in today. He answered no.

Dr. Haynes promised the Democratic Labour Party would honour the debt, substantially reduce the country's dependence on foreign borrowing, reduce the rate of escalation of the public debt and take all steps to alleviate the burden of debt payment on the people of Barbados.

He said this debt problem was reflected very dramatically in the charges on debt, noting his party had spent \$21 million on such in 1976, less than Government had spent on Carifesta. By 1981 to 1982 it was \$73.9 million and was now running at about \$110 million.

He charged Government had actually put about \$750 million of all the taxes paid in Barbados toward debt service plus

the incremental problems in the foreign debt because of borrowing to repay debt.

He claimed Barbados had reached the stage now where there had been a dramatic loss in resources because of repayment of foreign debt, a problem best seen in the very substantial deficits incurred by Government over the past five years.

He said in four years out of five there had been a deficit on current account meaning all their forecasts about surpluses had been wrong, they had had to increase taxation twice with two mini-budgets in a five-year period and still ended up with deficits all of which amounted to bad house keeping and highly irresponsible management.

He added the Democratic Labour Party would ensure it managed the country in such a way it balanced its budget on current account and generated small surpluses to contribute to its capital programme.

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CSO: 3298/416

BARBADOS

PREELECTION MANEUVERS BY MAJOR PARTIES REPORTED

DLP Speculation on Date

Bridgetown DAILY NATION in English 25 Mar 86 p 12

[Text]

MARK MAY 15 in your diary as election day.

That's the day on which DLP sources feel the 1986 general elections will be held in Barbados. And, according to the sources that's the date for which they are targeting their campaign.

This position was apparently supported by DLP senator, Evelyn Greaves, in the Upper Chamber yesterday. He referred to a number of things the Democratic Labour Party (DLP) would implement after May 15 when they are returned to power.

He promised on a number of different occasions

his party would re-open the St. Joseph Hospital, improve the health service, implement housing projects in St. Lucy and other "neglected" parts of the island, and the improvement in the condition of roads and the quality of service offered by the Transport Board, all after May 15 "when we are returned to Government".

He also committed the DLP to building a multi purpose public hall at the St. Lucy Secondary School after this date.

This date was also hinted at during a DLP public meeting at Ellerton, St. George, on Sunday night.

Blackman Ouster

Bridgetown WEEKEND NATION in English 11-12 Apr 86 p 1

[Article by Al Gilkes]

[Text] If Dr Don Blackman intends to contest the coming General Election, he can no longer do so as a Barbados Labour Party (BLP) candidate.

Last night the National Executive Council of that party, in an emergency meeting, endorsed a new candidate for the St Michael East constituency.

The man, for whom the boot has been given to Dr Blackman, is 32-year-old chartered accountant and chairman of the Barbados Transport Board, Richard Lynch.

Furthermore, Dr Blackman's chances of switching parties and running for the Opposition Democratic Labour Party (DLP) seem to have also faded.

Yesterday party sources confirmed that 37-year-old businessman Joseph "Johnny" Tudor would definitely be their candidate for the constituency. Last night he was present at the George Street DLP headquarters at a meeting of candidates for the general election.

However, one high-ranking DLP official told this writer it was likely if Dr Blackman decided to run as an independent the party would withdraw its candidate.

Candidate Profiles

Bridgetown WEEKEND NATION in English 11-12 Apr 86 p 1

[Text] Richard Lumch, the new Barbados Labour Party (BLP) candidate for the St Michael East constituency, was educated at The Lodge School.

He is a certified chartered accountant and last year was appointed chairman of the Barbados Transport Board.

He is also a member of the Institute of Chartered Accountants of Barbados and a Fellow of the Royal Association of Certified Accountants (FCCA).

This will be his first time as a candidate in an election.

Joseph "Johnny" Tudor, the man confirmed to be the Democratic Labour Party (DLP) candidate for St Michael East, was educated at Combermere.

The son of the late Barbadian comedian Joe Tudor, he operates his own business at Government Hill, St Michael.

He has been the only DLP candidate canvassing the constituency since last elections and will be facing the tape for the first time as well.

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CSO: 3298/416

BARBADOS

ST JOHN COMMENTS MAY PRESAGE RETURN OF LOCAL GOVERNMENT

Bridgetown SUNDAY SUN in English 20 Apr 86 p 1

[Article by Tony Best]

[Text]

BARBADOS could see a return to local government, probably within the next five years if the Barbados Labour Party (BLP) is returned to power.

That conclusion is based on comments made by Prime Minister Bernard St. John who said he felt that the abolition of local government in Barbados 20 years ago was a mistake.

The Prime Minister said there was a growing feeling that certain services such as street lights, playing-fields and some health care could best be provided at the community level so that the neighbourhoods themselves could have some say in how they are offered.

"It is a recognition of the fact more and more that there are some services that could better be provided at the community level rather than at the national level," was the way Mr. St. John put it.

No decision, indeed no "crystalised opinion" had been formed on the issue of a return to local government, he indicated.

Local government was abolished in the middle 1960s by the Democratic Labour Party (DLP) administration headed by Errol Barrow.

At that time there were three local government bodies. The Bridgetown City Council was controlled by a mayor and the Northern and Southern District Councils by chairmen. That form of local administration had replaced the vestry system in the 1950s.

Mr. St. John said the growth of indigenous culture and community spirit in the large housing developments such as the Pine in St. Michael and Ealing Park in Christ Church stressed the need for people in those areas to have a hand in the direction their neighbourhoods took.

It raised the question, he said, of whether some mechanism should not be established to coordinate and provide such services.

The Prime Minister pointed out that the Government would first have to examine such factors as the costs of returning services to community control and how various neighbourhoods could be brought together to form some kind of "integrated machinery".

Asked if there was a need for the reintroduction of local government, Mr. St. John would not give a "yes" or "no" answer but said it would be a matter for the Government and the ruling party to address in the future.

However, he said such things as the Hometown Festival, the cultural and sporting activities in the Pine, the health councils that function in support of the polyclinics and the Olatins Fish Festival were helping to weld communities together and provided an institutional framework.

The key issue that must be resolved, Mr. St. John emphasised, was the definition of a community when it came to the provision of services and the structure.

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CSO: 3298/445

19 June 1986

BARBADOS

ST JOHN DESCRIBES BLP'S POSTELECTION ECONOMIC PROGRAM

Port-of-Spain TRINIDAD GUARDIAN in English 10 May 86 p 5

[Text]

BRIDGETOWN, May 9, Cana — THE ruling Barbados Labour Party (BLP), seeking re-election in General Elections here on May 28, will set about implementing a comprehensive programme for restructuring the economy if it wins a new five-year term, Prime Minister Bernard St John says.

The BLP programme will be based on the 1984 structural adjustment package agreed on by Caribbean Community (Caricom) Government leaders for putting regional economies on a sound footing for the 21st century, in the wake of shocks caused by the recession of the early 80s.

Mr. St. John, 54, in comments to the Caribbean News Agency (Cana), said particular emphasis would be placed on developing the nation's human resources through training, boosting intra-regional and extra-regional exports, and developing local natural resources, including tourism.

All of these are going to be the focal point of our economic policy, he said.

Mr St. John, who took over leadership of the government last year March on the death of his predecessor, Tom Adams, said a BLP administration would continue to promote a harmonious relationship between the public and private sectors in national development and would continue its social policy of looking after the aged and disadvantaged.

"All in all, I think we have a good economic programme, a good programme for social development, a good programme for human resource development," he said.

Mr. St. John said as part of the restructuring of the local economy, Government would look to the type of industrial development that will last into the next century.

Said the Prime Minister: "The Caribbean economies were subject to an exhaustive analysis by a group of experts and we have come up with a number of programmes which have to be implemented in all of the Caribbean countries and Barbados is no exception to it.

A Special Decision

"If you look at the Barbados understanding (on development of local and regional entrepreneurship and skills in Caricom) which was the subject of a special decision at the 1985 Heads of Government Conference, they speak about the restructuring of the economy, the retraining of our human resources, by the change in our agricultural products and the method of production, by looking to industrial development of the type that will last into the 21st century, by more emphasis being placed on the development of our natural resources and in particular in the context of a country like Barbados the development of the tourist industry."

He went on: "Now all of these are going to be the focal point of our economic policy. In addition to that of course, we have a number of other methods of achieving these objectives. We will reward initiative. We will help to create and train entrepreneurs, in so far as that is something that you can do by formal institutional arrangements."

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CSO: 3298/448

BARBADOS

RULING BLP IN SPLIT OVER CONSTITUENCY CANDIDATES

Support for Blackman

Bridgetown DAILY NATION in English 17 Apr 86 p 1

[Text]

WE WILL BACK Dr. Don Blackman regardless, says the executive of the St. Michael East branch of the ruling Barbados Labour Party (BLP).

At a meeting at the home of president, Trevor Prescod, last night, executive members made it clear they would support no other candidate for the constituency now a district of controversy.

After the meeting Prescod declared: "The branch wishes to state unequivocally that it has decided it will back Dr. Don Blackman regardless of what political position he takes in the coming general election.

"We support no candidate but the elected representative of St. Michael East, Dr. Don Blackman, and we wish to assure all Barbadians that Dr. Blackman will be a candidate in the coming elections.

"What should be made very clear," he said, "is that we have talked to the majority of the residents of the constituency and we are certain that they too hold a similar position and will demonstrate this when the elections are called."

Another candidate

According to the branch president, his executive sought the opinions of St. Michael East constituents while going through the area, checking that supporters were on the Electoral List. Prescod charged too that on a number of occasions while Blackman was out of the island, top ranking members of the party tried desperately to influence the executive into holding elections to select another candidate for the area.

In response to a statement made by Prime Minister Bernard St. John last week that no man was bigger than the party, Prescod said: "No reasonable person can but conclude that this statement was referring to Dr. Blackman. If the electorate uses the criteria of loyalty and sincerity in defining the word bigger, there is no doubt on who is the bigger — Dr. Blackman or the BLP."

He charged too that a thorough investigation had been carried and nothing was found to support a report that a member of the St. Michael East branch of the executive had called on the national executive committee of the BLP to select a candidate ahead of Blackman.

Instead he suggested that this was used as a ploy to justify the decision which was taken later by the party's national executive to choose Richard Lynch as its candidate.

"We felt it was unreasonable to imply such. The actual members of the hierarchy of the BLP have been using clandestine measures to infiltrate the St. Michael East branch for more than a year now," Prescod said.

He said the outsiders thus made it difficult for decisions taken to truly reflect the views of St. Michael East constituents.

Lynch Candidacy

Bridgetown DAILY NATION in English 21 Apr 86 p 1

[Text]

AS FAR AS Prime Minister Bernard St. John is concerned, the Don Blackman controversy is history and the Barbados Labour Party's (BLP) man for the constituency is Richard Lynch.

This was made "absolutely clear" by St. John as he spoke at a meeting of the St. Michael East branch of the BLP at St. Giles Boys' School last night.

Against a background of continual shouting from supporters of Blackman, he said: "That is enough. I'm finished with that. That is behind us. We are going into the future with Richard Lynch as the candidate for the Barbados Labour Party."

St. John, who had just returned to the island two hours earlier, told the meeting the

BLP was a well respected party in developed countries and persons with the abilities of Lynch only added to this respect.

St. John said there was no comparison between the candidates of the two parties.

He said that for a long time it was felt all was not well with the St. Michael East branch of the party since established procedures for the selection of candidates for the general election were not being followed.

According to him, the constitution of the party set out a special place for the constituency branches, but those who drafted the constitution expected there would be times when people would feel they were bigger than the party.

For this reason, he said it was clearly set out in the constitution that the National Executive Council (NEC) of the BLP was not obligated to accept the recommendations of branches on their selection of candidates for elections. He declared the NEC to be the boss of the party.

St John Warning

Bridgetown DAILY NATION in English 21 Apr 86 p 1

[Text]

POLITICAL HUMBUGS!

That's how Minister of Information and Telecommunications, Lionel Craig, described scores of supporters of controversial representative, Dr. Don Blackman, who turned up outside St. Giles Boys School and heckled and booed members of Government. And Prime Minister Bernard St. John warned the situation would not be allowed to repeat itself.

As the various Cabinet ministers entered the school they were met with thunderous applause from those who came out to greet new candidate, Richard Lynch, but not before they were subjected to loud boos from the large crowd which congregated at the gate.

Then, as they addressed the meeting, they were each interrupted by shouting from the Blackman supporters. While members of the crowd tore up magazines distributed by BLP

members, others shouted "Lynch go home", "We don't want playing fields, we want work", "We want Don" and "Don is the man".

During one loud outburst from the crowd outside the compound while Craig was speaking, he referred to them as "a bunch of political humbugs" and BLP supporters as "silent killers".

As the anti-Government slogans continued Prime Minister Bernard St. John warned that although he was a peaceful man, last night's situation would not be allowed to repeat itself.

He said: "I am a very peaceful man, but I want it to be clearly understood, that in this democratic BLP, we are the Government and we are entitled to be heard and we are entitled to be heard in silence and we are not, from tonight on, going to allow anyone in this country to stop us from preaching the gospel of the BLP."

"I do not expect that you will stop the Democratic Labour Party (DLP) from speaking their lies. But they must understand that the majority of people in Barbados wanted the BLP in 1976, wanted them in 1981 and will have them in 1986."

The Prime Minister added: "So let us get this straight. I am not going to allow what happened in the House of Assembly yard after the Budget to happen again. The BLP people will not allow it to happen and if they feel they can organise pimps to go down there and interfere with BLP members, let them understand that we can doubly organise, not pimps, but people who are going to go down there determined to prevent them from doing that."

St. John also took the opportunity to attack the proposals of the DLP as delivered during the Budget Reply, saying the DLP did not even consider the fact that civil servants were due for increases and the claims from the various unions amounted to over \$50 million.

The Prime Minister said too that by tomorrow, the House of Assembly should be told how Dr. Richie Haynes, the Opposition spokesman on finance, got the Central Bank report before it was even presented to Government.

He said too he had ordered a probe into the Ministry of Finance because he wanted to know "if they are any traitors underneath me".

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CSO: 3298/445

BARBADOS

OPPOSITION DLP SEES RISING 'POLITICAL TENSION'

Bridgetown DAILY NATION in English 24 Apr 86 p 28

[Text]

The Opposition Democratic Labour Party (DLP) has deplored what it sees as an "escalation of political tension".

A statement from the party said its executive committee had called on members and supporters not to allow themselves to be goaded into hostile gestures toward members of the other party.

"To do so would be detrimental to the good name of both the DLP and the country," the statement said.

It said the committee noted with great concern reports of what apparently took place at a meeting of the Barbados Labour Party's St. Michael East constituency branch last Sunday.

Reports stated that senior members of the BLP were jeered and Prime Minister Bernard St. John warned that he would not allow such a situation to repeat itself.

The DLP statement said equally to be deplored was the editorial comment of the April 22 edition of the Barbados Advocate, which it charged immediately assumed the disturbance was inspired by "opponents of the ruling Barbados Labour Party" which the

DLP said by implication pointed a finger directly at the party.

"Such a conclusion is totally unfair and unwarranted," the statement said.

"Any objective commentator, being aware of the unusual circumstances currently prevailing in the constituency of St. Michael East, would reasonably assume that the persons who were jeering the BLP leaders were dissident members of that same BLP constituency branch unless they had proof to the contrary," the statement said.

It asked: "Why else would such a thing have occurred at the meeting of that particular branch and not any other?"

The statement said the editorial was furthermore remarkable in its failure to comment upon the threat of "silent killers" with which a senior BLP spokesman menaced the entire Barbadian society at the same constituency meeting.

"The executive committee of the DLP believes that such a biased statement on the part of a leading organ of public opinion is likely to exacerbate tension rather than reduce it."

BARBADOS

NATION POLL MEASURES VOTER VIEWS ON ELECTIONS

Bridgetown WEEKEND NATION in English 25-26 Apr 86 p 1

[Article by Harold Hoyte]

[Text]

THE SECOND public opinion poll conducted by the NATION has given both major political parties something to cheer about. And something to worry about.

On the limited number of persons interviewed in the sample survey in 12 constituencies, there is an indication that some major political upsets are in the making for the upcoming general election.

The poll gives the ruling Barbados Labour Party (BLP) an overall lead of 1.9 percent over the Democratic Labour Party (DLP). This represents a gain on their 0.4 percent lead held by the BLP in our first poll, published in February.

The poll also shows the Democratic Labour Party leading in seven of the 12 constituencies surveyed. In five of those ridings the BLP now has sitting members. Equally the BLP is leading the DLP in three ridings where they now have MPs in the House of Assembly.

These factors raise the prospect of an intriguing battle for power by the time the election campaign gets into full swing.

The poll was conducted by Systems Caribbean Limited for THE NATION.

It was conducted between April 11 and 17 in the following constituencies:

St. Michael South (MP Erskine Sandiford).
St. Michael North (MP Philip Greaves).
St. Michael East (MP Don Blackman).
St. Michael West (MP Vic Johnson).
St. Michael South Central (MP Richie Haynes).
St. Michael West Central (MP Branford Taitt).
Bridgetown (MP Billie Miller).
Christ Church West Central (MP Maurice King).

St. George North (MP Jack Odle).
St. James North (MP Lionel Craig).
St. Peter (MP Owen Arthur).
St. Thomas (MP David Simmons).

When respondents throughout the country were asked which party they would vote for, the BLP got 20.1 percent support against support of 18.0 percent for the DLP. Those who would not commit themselves continue to be high. Those who don't know account for 22.7 percent and 28.2 percent are those who would not say.

Here is how the support is divided in the two polls so far:

Since February the undecided have increased the BLP component by 3.1 percent and the DLP by 1.4 percent.

PARTY SUPPORT

	February poll	April poll
BLP	17.0	20.1
DLP	16.6	18.0
Other	0.4	1.3
Won't say	31.3	28.2
Don't know	21.4	22.7
Won't vote	13.4	9.6

Of the constituencies polled the BLP is showing considerable strength in Bridgetown (Miss Billie Miller) and St. Thomas (Mr. David Simmons) of the constituencies they now hold, while the DLP is showing strength in St. Michael North (Mr. Philip Greaves) St. Michael West (Mr. Branford Taitt) of those held by them.

The poll however shows BLP incumbents Vic Johnson (St. Michael West Central), Owen Arthur (St. Peter), Nigel Barrow — for Lionel Craig — (St. James North) and Jack Odle (St. George North) to be trailing their DLP opponents.

On the other side of the scale DLP incumbent Maurice King (Christ Church West Central) has fallen behind the BLP candidate O'Brien Trotman and Dr. Richie Haynes (St. Michael South Central) and Erskine Sandiford (St. Michael South) are also behind their opponents in support.

The only other constituency polled, St. Michael East, shows incumbent Dr. Don Blackman to be enjoying overwhelming support. He was elected on a BLP ticket in 1981, but is not being run by that party this year. He has not indicated if he will contest the election for the DLP, but they have said they would welcome him to their ranks. For that reason I count him among the seven seats credited to the DLP in this poll.

I should stress however that with an average of just 83 persons being interviewed in each of the 12 constituencies polled, it is perhaps an

insufficient number in absolute terms to use as an indication of trends.

Our poll also looks at other factors related to political life in the country, including the question of leadership in the two parties, the perceived quality of life of respondents and their perception of the performance of government.

When examined, these factors help to indicate the trend of voters, including that large slice of "don't knows" and "won't says".

A full analysis of the results of the poll is carried on Pages 16, 17 and 18. It is written by Dr. Patrick Emmanuel of the Institute of Social and Economic Research of the University of the West Indies.

Both political parties have been supplied with copies of the results as was done in the case of the first poll. They have both been invited to respond. If they do, their responses will be published in the Week-end NATION of May 2.

/9317

CSO: 3298/445

BARBADOS

NEW VOTERS LIST DUE; OVER 170,000 NOW ELIGIBLE TO VOTE

Bridgetown SUNDAY SUN in English 4 May 86 p 1

[Text]

More than 170 000 Barbadians are eligible to vote in general elections which some observers believe could be called as early as the last Thursday in this month.

Chief Electoral Officer Dennis Smith told the Sunday Sun that on the list published at the end of March there were 172 470 voters registered.

"We hope to have a new list published very shortly," he said, "the monthly list for April, which should be available within the first two weeks of this month.

Mr. Smith indicated that the publication of this new list could show "that we have added a few more people" to the March figure.

There were 167 029 voters reg-

istered for the 1981 General Election held on June 18.

After an eight-year hiatus, the Electoral Office resumed publication of a monthly list of electors this year rather than only the annual Voters List which must be published by January 31 as required by law.

For the first time in the forthcoming poll, metal ballot boxes will be in use replacing the traditional wooden boxes.

According to Mr. Smith, this move should add to improved security for ballots.

These Canadian-designed boxes are similar to those used in the December 1984 General Election in neighbouring Grenada.

Meantime, camera centres around the island will remain open to permit those who have not yet done so to be registered in order to cast their ballots in the poll constitutionally due by September.

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CSO: 3298/445

BARBADOS

BANK REPORTS INCREASES IN TAX RECEIPTS FOR 1985

FL190244 Bridgetown BARBADOS ADVOCATE in English 11 Apr 86 p 1

[Text] In 1985, the government collected \$60.5 million in direct and indirect taxes over the previous year, according to the Central Bank of Barbados annual report 1985.

Direct taxes increased by 13.6 percent and indirect taxes by 18 percent. The health service levy yielded \$12.5 million for the year, but is no longer included in general government revenues.

In the four major areas of direct taxation, personal income tax and property taxes yielded more than in the previous year while company taxes and other direct taxes declined. Personal income taxes collected were 17.7 million above the 1984 figure, reaching 139.4 million in 1985, an increase of 14.5 percent. Some 19.3 million more was collected in land taxes in 1985, although some of this amount had been deferred from the previous year.

Company taxes netted \$48.4 million, down \$4.9 million in 1984, due to the continued weak performance of the corporate sector, says the report.

Other direct taxes yielded 11.1 million, down from \$14.2 million in 1984, while in 1985, total direct taxes netted \$242 million, compared with \$213 million the previous income year.

Indirect taxes yielded \$327 million, up 49.8 million over 1984. Import duties (up \$10.4 million to 94.6 million) and stamp duties (which increased by 92 percent to \$66.3 million) were the biggest yielders in the category. Consumption taxes yielded 2.4 percent more to reach \$98.1 million, and hotel and restaurant taxes yielded slightly less for a total of 14.4 million, both indicators of sluggish economic activity, the report states.

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CSO: 3298/416

BARBADOS

CENTRAL BANK REPORT SHOWS ECONOMIC SLOWDOWN IN '85

FL252216 Bridgetown CANA in English 1937 GMT 25 Apr 86

[Text] Bridgetown, 25 Apr (CANA)--The Barbados Central Bank's 1985 annual report came out today, revealing a 10-year low in manufacturing output, a decline in the vital tourism sector and a generally disappointing economic performance.

The report said tourist arrivals fell sharply in the summer, the output of electronic components slumped badly, sugar production remained flat and the fish catch plummeted.

Construction made significant progress as the government capital works programme gathered momentum, while continued recessionary conditions kept the unemployment rate high although there were some gains in public-sector employment.

Reduced retail markups and slower price increases for imports resulted in a further moderation of an already low inflation rate, the bank said.

Overall, the report said, economic growth was negligible after a year-and-a-half of tourism-led growth starting from the last quarter of 1983. Real gross domestic product (GDP) was estimated to have increased by no more than 0.3 percent following the 3.5 percent expansion of 1984.

The bank said real output in the tourism sector was estimated to have declined by three percent during 1985. This reflected a two percent fall in arrivals and a six percent decrease in average length of stay.

However, there was a 13 percent increase in cruise ship passengers. Winter arrivals grew by an encouraging 6.2 percent between January and April, benefiting from an 18 percent increase in arrivals from North America.

However, summer traffic declined by 13 percent and the North American market remained flat while arrivals from the UK and Caricom (Caribbean Community) countries contracted even more than in the previous year, the report said.

For the entire year arrivals from the UK were down 16 percent, with no sign of a reaction to cost reductions from the appreciating value of sterling, it added.

It said although Barbados had suffered some loss of market share in the UK, it remains the most popular Caribbean destination for UK tourists, receiving 45,000 visitors from the UK and Europe in 1985, compared with 31,000 for St Lucia, 28,000 for Antigua and Barbuda and 24,000 for Trinidad and Tobago.

Arrivals from Caricom countries were down 16 percent, reflecting the recession in Trinidad and Tobago and the increasing popularity with Trinidadian tourists of competing South American shopping resorts.

Total arrivals from Canada and the U.S. increased by 4.9 percent and 5.6 percent respectively. Arrivals from the U.S. reached 148,000 or 41 percent of the total for the sector.

Manufacturing output sank to its lowest level in ten years following several years of stagnation and decline. Real output fell 9.3 percent compared with the modest recovery of 1.9 percent in 1984. Over the last five years the rapid growth of electronics had sustained manufacturing output.

However, a slump in the American computer market eroded sales of electronic components, reducing the demand for Barbadian output by one-fifth. Layoffs and the closure of four large plants cut employment in electronic plants by one-fifth--a loss of 1,200 jobs.

The bank said garments, chemicals and furniture were down 16 percent, 10 percent and 12 percent, respectively, as trade restrictions cut exports to the region by more than one-third.

In the agricultural and fishing sectors, the report said good harvesting conditions and fewer cane fires throughout the season improved the recovery rate (the yield of sugar per tonne of cane) and compensated for the slight reduction in acreage harvested.

However, receipts from sugar exports of 60 million dollars were 8.5 percent lower than in the previous year when shipments included some stock consigned to the European Economic Community (EEC) but held over from 1983, the bank said.

It added: In addition, the 1985 crop was subsidized by a grant of 10 million dollars and supported by a government-guaranteed bond of 10 million dollars to be issued in 1986 by Barbados Sugar Industry Ltd. The bond is convertible to a grant if farmers meet stipulated production targets.

Production of other food items is estimated to have declined by at least one percent in 1985. Several activities expanded but fish catches fell by 30 percent owing to adverse weather conditions. Output of major vegetables--yams, sweet potatoes, carrots--increased significantly as drier conditions in the early part of the year favoured their cultivation.

The report said that with fewer acres planted, the onion crop was correspondingly smaller. Chicken farmers cut production by 4.5 percent to clear stocks of frozen chicken left over from the glut of 1984. However, consumption

increased by an estimated 16 percent as consumers switched to chicken when fish became scarce. Fresh milk production rose 6.9 percent and aggressive marketing was undertaken to increase consumption of local milk products, it added.

In the energy sector, the bank said crude oil production expanded more slowly in 1985. Output increased by 6.9 percent to a record 679,000 barrels valued at 36.8 million dollars. This compares with growth rates of 22 percent, 47 percent and 67 percent for 1982, 1983, and 1984, respectively.

The 1985 output satisfied about half of domestic requirements, slightly more than in 1984. Sales of natural gas, at 13.7 million cubic feet, were 16.8 percent higher than in 1984 and some 5.3 million cubic feet were used for generating electricity, an increase of 7.5 percent.

The value of energy imports declined by 10.9 percent to 49.2 million dollars, reflecting the increased production of local crude and a four percent reduction in international energy prices.

The bank said total energy consumption increased by just 4.8 percent in 1985 although the Arawak cement plant, which accounts for about 11 percent of total usage, increased its output significantly.

The demand for electricity slowed as the economy contracted; consumption by industrial and commercial customers declined by 1.2 percent to 213.5 million kilowatt hours, it added.

It continued: as recessionary conditions persisted, the unemployment rate remained high throughout the year. Since late 1984, most firms have been cutting back employment to trim costs.

The slump in electronics and summer tourism caused further job loss in 1985. Several hotels were forced to close temporarily in the summer. In addition, other manufacturing plants, faced with sluggish domestic sales and restricted export markets in the Caricom region, were forced to reduce staff.

The unemployment rate in December 1985 was estimated at 18.2 percent, virtually unchanged from the high rate of 18.3 percent a year earlier.

The rate of inflation, the average of monthly price indices for 1985, compared with the same average for 1984, was 3.9 percent, as against 4.6 percent a year earlier.

The change in the retail price index between December 1984 and December 1985 was 2.4 percent compared with 5.1 percent for the previous year.

These inflation rates are the lowest since 1968, reflecting weak consumer demand at home and low rates of inflation in industrial countries, the bank said.

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CSO: 3298/416

BARBADOS

GOVERNMENT REPORT PROFILES POPULATION CHANGES

Bridgetown DAILY NATION in English 2 Apr 86 p 3

[Text]

BARBADOS' POPULATION grew by 543 persons last year, a mere 0.2 percent.

This was contained in the 1985 Economic Report prepared by the Ministry of Finance and Planning. The report, which was just made public, said that at December 31 the population numbered 253 013 persons compared with 252 470 at the end of 1984.

The birth rate increased to 16.8 per thousand persons last year compared with 16.7 per thousand the previous year. Of the 4 237 live births in 1985, 2 156 were male and 2 081 were female. At the same time the death rate increased 0.6 percent. There were 2 141 deaths, 187 more than the 1 954 in 1984. Of these 1 042 were male and 1 099 were female.

The most significant figure, however, is that related to infant mortality which declined from 10.9 per thousand in 1984 to 5.9 per thousand in 1985. The actual figures show there were 25 infant deaths last year compared with 46 in 1984.

"The annual average size of the labour force increased in 1985 by 0.9 percent or 1 000 persons to 113.3 thousand persons. In a reversal of the situation which was observed in 1984, the male component of the labour force declined by one percent or 600 persons, while that of the female rose by 1.5 thousand or 2.9 percent," said the report.

A total of 21.2 thousand were classified as unemployed in 1985: 40.6 percent male and 59.4 percent female. This represented an increase of 2 000 persons. The official unemployment figure is now 18.7 percent.

/9274

CSO: 3298/416

BARBADOS

GOVERNMENT CHECKING ON VISITING ALIENS WHO 'DISAPPEAR'

Bridgetown DAILY NATION in English 26 Mar 86 p 1

[Text]

GOVERNMENT is closely watching visitors to the island from at least four ethnic groups who arrive here for vacation and then disappear without a trace.

Senator John Williams told the Upper House that the Immigration Department is mandated to provide him with regular reports on all members of these groups allowed into the island.

The Senator, when asked to disclose the nationality of the four groups in question, said naming them would only weaken the department's hands.

Williams, parliamentary secretary with responsibility for Immigration matters, said his department has to work with the Ministry of Education to stem the large number of non-Barbadians admitted into both primary and secondary schools each year.

He said education officials informed him at least six percent of all new admissions to schools each year are children of non-nationals.

He said parents brought their children to Barbados, left them with others and then these children moved up through the system.

He said since the ministry had to look for so many extra places each year for non-nationals, the Immigration Department and the Ministry of Education issued a directive to all school heads that all children entering should have a birth certificate or a certificate of residence. In the absence of either, a student visa would be required.

The senator said many parents applied for visas and were found to be illegal aliens themselves.

What compounded the problem, said Senator Williams, was that on two occasions Government offered amnesty to persons who were living in the island illegally before 1976 and a significant number did not take advantage.

This collaboration between the ministry and immigration authorities has gone a long way in dealing with the problems associated with illegal entry into the island, said Senator Williams.

One problem still causing much concern to immigration authorities though, is the large number of marriages of convenience. Though he did not give details, Senator Williams said a large number of applications had been received from women seeking citizenship by way of Section Six of the Constitution, which allows for citizenship after marriage to a Barbadian.

BARBADOS

PEOPLE'S PARTY LEADER COMMENTS ON VISIT TO LIBYA, U.S. RAID

Bridgetown SUNDAY SUN in English 20 Apr 86 pp 10, 29

[Regular Sunday column "Q and A": "Clarke Calls Reagan a 'Mad Dog'"]

[Text]

ROBERT 'BOBBY' CLARKE, a British-trained attorney, is leader of the leftist People's Party, Barbados.

When Clarke became involved in Barbadian politics in 1955, he was dubbed as having Moscow connections. In the following decade, he was accused of having Cuban connections.

In 1967, he was deported from Dominica because of what he termed, "that so-called Cuban connection."

Clarke visited Libya last month for a conference and in this Question and Answer session with SUN Editor Tony Vanterpool, he lashes out at the action of the Reagan Government and explains what he observed during his trip to Libya.

Q: WHEN YOU heard that United States President Ronald Reagan had ordered the bombing of Libyan sites what was your immediate reaction?

A: I expected it. In the past four to five months, the American government has been using propaganda to set the stage. Although I accepted it, it was still a real shock that a country as rich and as powerful as the United States would use its super-power, its super-technology, to try to destroy a small nation of three million people.

Q: Last month you visited Libya. What was the reason for that visit?

A: I attended a conference at which we looked at universal problems, especially terrorism. We examined the inability of the United Nations to solve any problems in the world, especially with the power of the five signing nations — the United States, Great Britain, France, China and the Soviet Union — and their veto powers which prevent the overall function of the United Nations to act cohesively against wrongs and evils imposed on some countries by other countries.

We were trying to see if we could find some new way to deal with the United Nations and make it a more democratic organ. We also dealt with the problems of South Africa and Namibia and we wondered why it was that those countries, in-

cluding the Soviet Union, would not do anything about the problems of the Blacks and why America was allowed to play the role of superpower in that area.

Again we looked at the role of Israel as a surrogate state of the United States.

Q: During your 14 days in Libya did you sense any tension among the population? Did the Libyans give the impression that they expected something drastic to happen?

A: No. As a matter of fact, during my time in Grenada prior to the March 13 Revolution we were always on the alert for things like that. We knew there was tension in Grenada and therefore there was

always a need to have armed forces at the ready for combat, even at that limited scale, with the American Government.

This contrasted with Libya. There was nothing like that in Libya. I saw no forces on the streets; I saw no army equipment; I saw one or two missiles in the area of Gaddafi's residence; I saw nothing at all on the beachfront and we lived on the Mediterranean coast and I travelled more than three or four hundred miles in Libya.

What I saw was a simplicity of the people. Hardly any women were in the streets and the men were either going to or coming from work.

There was nothing at all that showed a readiness for war.

Q: President Reagan has been constantly accusing Libya of financing and sponsoring terrorism throughout the world. If he has proof of this, do you not think he had sufficient justification to take the action?

A: Morally and legally no. Even if we assume that there is a concept of the Libyan Government stating certain conditions and certain areas in which they react against American aggression, or against French aggression or even against British aggression, this is never a ground for a country to take that action.

The American Government finances the Israeli Government to the tune of US\$4 billion a year. Let us look at that carefully — \$4 billion a year for a population of three million people in order to suppress the needs and the rights of the Palestinian people, the Syrian people, the Lebanese and the Jordanians.

In terms of Gaddafi saying the people of the world have a right to carry out their own principles and their own policies without interference from any other country. If any other country interferes, then they must retaliate — that seems correct to me.

Let us examine this terrorism. Late last year the Israeli Government bombed a base in Tunisia killing 134 people; in the last nine months the Botha Government has killed more than 2 000 Blacks in South Africa with US-supplied arms.

What they are saying is that some bombs have been used in West Germany, also aboard one or two aircraft and on some embassies. But the total killing involves less than 40 to 50 people. That is wrong in itself. But how do you pin that on Gaddafi?

I also see the Red Flag gang and the Baden gang in West Germany, the IRA, carry out their acts for their own political ends. And these are political ends dealing with their own countries.

Gaddafi has no reason to carry out political acts outside of Libya. When he mentions action the people must take, it is usually in relation to what is being done against the Palestinians and Arabs. He does not send any troops to the place, except as I have heard, in the Egyptian situation a few months ago.

This is something that is done by everybody. When the Cubana aircraft was blown up off Barbados there had to be a connection between that act of terrorism and the American Government.

There is a connection between the American Government and the Somoza Government; there is a connection between the American Government and the Papa Doc and the Baby Doc Government and there is a connection between the American Government and the Pinochet Government. These are all brutal governments. Nobody complains of terrorism; nobody.

Q: From time to time Gaddafi has used some very strong and insulting language with reference to Reagan personally. Do you think that this personal ven-

detta could have been the main reason for Reagan's action?

A: Of course. I think it is really a personal position. The insulting really did not originate with Gaddafi. The words "Mad Dog" have been used regularly by Reagan and his administration. You can't keep referring to a man like Gaddafi as a "Mad Dog" when the other European countries do not refer to him as such.

In my discussions with Gaddafi, I found him a very very reasonable person; a very soft-spoken, very touching person.

I watch Reagan, and this is my personal assessment of him, he has no sense, no ability, no understanding of political reality. All he understands is the use of a gun like John Wayne. He seems to still think that we are acting in the 1920s, 30s, 40s, that he can say, "I can shoot you and if I want to shoot you I will shoot you."

He seems to me not to have a head. I think he's computerised because he does not make errors in speech. Because of his age, he cannot act and talk that way. So there is some programming to a Reagan mind.

He has kept on insulting Gaddafi by calling him "The Mad Dog." What is mad about Gaddafi? What is it that Gaddafi has done in the last 12 years for the Libyan people and for the Arab people that is mad?

Q: What has Gaddafi done for the Libyan people in the last 12 years?

A: He has solved the housing problem. There's no housing problem in Libya now. The housing is fantastic in its size, space and type of building. There is zero unemployment in Libya. There are no drug problems in Libya; no alcoholism; there is no whoreism in Libya. It is a fundamental Islamic society in which the objectives seem to be trying to build a better country for its people.

What is remarkable is at present they are building what is called "the man river" system to pump water all across Libya in order to make it a fertile country. That project will cost, from what they have told me, over US\$10 billion. To me if Gaddafi is doing that and not building an armoury, aircraft and machine guns, this shows me that he is a sane person and the Reagans of this world are mad people.

Q: We have heard that Gaddafi's 15-month-old adopted daughter, Hana, was killed in the raid and two of his young sons injured. How do you think he would react to that situation as far as his family is concerned?

A: I have to take that from a personal view — as if it was Bobby Clarke's family ... I know how I would react. I would react in anger. I would search for vengeance. I would do exactly what Reagan is saying he would do when it relates to other people and not to his children. He is willing to kill for the death of a Black soldier in West Germany. I would be willing to find some solution because of the emotional stress on me.

But this is the important thing about Gaddafi. Here we have the killings and bombings on Monday morning of Gaddafi's child and injuries to his other children. And, at the time, in a Tripoli hotel, you had American journalists, you had more than 1 000 Americans living there and other people — British, Tunisians, West Germans — and he did nothing about it.

That is remarkable. His daughter is killed by a bomb from an American plane and Americans broadcast it to the world from a Tripoli hotel. That shows a humanity far beyond anything that Reagan can understand — or far beyond anything that the Barbados public can understand, because of the propaganda they are fed. But think of it carefully. Why didn't he kill the Americans in the hotel in retaliation for the death of his child? That shows a high degree of sanity.

Q: Do you think Gaddafi might have thought Reagan was bluffing on the use of excessive force? Do you think he could have been better prepared? Do you think he is sufficiently well equipped by the Soviet Union?

A: You have a problem there in that militarily, Libya could not have been prepared to fight a war against the United States. But there might have been an understanding between Libya and the Soviets and whereby the Soviet Union could have done more to protect Libya against American aggression. I am at a loss to understand the Soviets role there although I associate myself with the view that the Soviet system is good for the working class.

I would have thought the Soviet Union would have put one of its fleets in the Middle East to confront the American Sixth Fleet — the way the Americans did in 1962 in the Cuban Missile crisis ... there would have been a standoff; no one would have attacked and the fleets would eventually have gone home.

Further, I would have thought that, if it was true that the Reagan Government informed the Soviet Union that they were going to attack Libya, the Soviet Government had a right and a duty to have their forces in a position in Libya to retaliate against the United States. The Soviet Union did not do that and I am at a loss as to why they did not.

Q: Only today it was announced that the Soviet Union has cancelled a proposed Foreign Ministers' meeting for mid-May. What do you see coming out of that cancellation?

A: They have done this in the past. Whenever there is a problem between the Soviet Union and the United States over a third country, it usually peters out in three to four months. I think the American government is thinking what I

am thinking — that it is just a slight matter and that later there will still be a meeting between Reagan and Gorbachev. I hope that is not so. I would hope that the Soviet Union would make a very clear position to the United States and tell them that what they have done is a barbaric act, and that "we will not tolerate any round-table or any table unless you understand you cannot do that any longer. And that if you do that any longer, we will retaliate."

The American government has done that in the past with countries it has treaties with. The Philippines ... it keeps maintaining its power in the Philippines; the Somoza government ... it maintained its power until the people kicked out Somoza ... they have always done that. The Soviet Union has a right to do that to protect its friends.

Q: There is the feeling that the action by the United States, rather than putting an end to what it terms terrorism, will escalate such acts. What do you think?

A: I am certain it will increase acts, not by the Libyans but by all people who see the Americans as trying to play the only superpower in the world and the right to police the world. It is remarkable that when they talk about a strike to stop the escalation of violent acts in the world, they do not understand that by doing that they put people's backs up.

I have seen the Libyans. I have seen the Israelis. If there are two peoples that are very similar in attitude, it is these two. And both have the same type of reasoning. The Israelis believe that God has given them a special place in the world and they must fight for that place. The Libyans believe that Islam has given them a special place in the world and they will fight for that special place.

Q: What now of Libya's future?

A: The Libyan government is a strange government. It is not run by Gaddafi as stated by the Press. Gaddafi happens to be like any special person in a country. There is an affinity between him and the people, but Gaddafi is not the government. The government is run on a lot of different layers by different committees and sections of the population who meet on a regular monthly basis to discuss the problems of Libya.

So with the removal of Gaddafi you would not have done anything. The committees are so heavily into Islam that they will continue the struggle for Islam.

Q: From your experience, have you observed any Libyan connection in the Caribbean?

A: No, I haven't. But because of the escalation of the development of the working class in the area, and Libya now playing a prominent role in the working class movement, those whom it suits talk about the Libya connection.

But I think they are using this to cover up the Israeli connection. In my lifetime and in yours, the Synagogue at Synagogue Lane in Bridgetown has been in-operative. Now the American Jewish Congress and the Canadian Jewish Congress, are spending over \$1 million to restore the Synagogue. It is my opinion that the Israelis will be using the Synagogue for intelligence purposes. I believe they are thinking that if there is a Libyan connection in the Caribbean, there must be an Israeli connection to deal with the Libyans. But I can assure you that there is no direction given as such by the Libyans to any people in the Caribbean that I know of.

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CSO: 3298/445

BARBADOS

BRIEFS

NEW CABINET SECRETARY--Barbados will have a new Cabinet Secretary from May 1. Participants in a meeting of the Regional Labour Board held yesterday at Cunard Paradise Beach Hotel were told Wilfred Rogers, 56, Permanent Secretary in the Ministry of Labour, would replace Sir Frank Blackman. Rogers joined the public service at age 19 in April 1949, and was appointed senior clerk in August 1957. Three years later he was promoted to assistant secretary in the Public Services Commission. In 1966 he moved to senior assistant secretary and in 1968 to secretary. In 1967 Rogers was appointed assistant director of the National Insurance Department and became permanent secretary in the Ministry of Labour in 1972. The former Combermere student has been a Government representative at a number of International Labour Organisation conferences and was Government's representative on the governing body of that organisation between 1981 and 1984. He has also been a member of the Regional Labour Board since 1972. [Text] [Bridgetown DAILY NATION in English 17 Apr 86 p 3] /9317

AID FOR FARMERS--Barbados will benefit from some \$1.4 million in assistance from the Inter-American Institute for Cooperation in Agriculture (IICA) this year. Director of IICA's local office, Michael Moran, made the announcement after delivering the closing address to participants of a two-day workshop, sponsored by the Institute yesterday at Caribbee Hotel. Mr Moran said assistance, technical and otherwise, will be given in fruit crop development, information data management, marketing evaluations, and the transfer of technology, particularly with food crops. The regional organisation is now completing a feasibility study on five crops. The director said IICA signed a memorandum of understanding with the Ministry of Agriculture to give assistance in improving the staff employed in the Scotland District. Eight courses are to be conducted for the staff in the various departments in the Scotland District. The areas to be touched upon include livestock and fruit crop production, soil erosion and others. The first course starts next month. [Text] [Bridgetown DAILY NATION in English 26 Mar 86 p 44] /9274

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BRAZIL

RESUMPTION OF RELATIONS WITH CUBA EXPECTED

Sodre, Cuban Foreign Minister To Meet

Rio de Janeiro O GLOBO in Portuguese 4 May 86 p 2

[Text] Brasilia--When Foreign Minister Abreu Sodre returns from Portugal on 11 May, his principal concern will be the pursuit of negotiations for the resumption of diplomatic relations with Cuba. Although Itamaraty has not confirmed it yet, Cuban Foreign Minister Isidoro Malmierca should be in Brasilia on 22 and 23 May, to take part in the meeting of foreign ministers of developing countries. The meeting between Sodre and Malmierca will be inevitable and a private conversation is a possibility, requiring only that one of the two express an interest.

Actually, it only remains to agree on the number of consulates and officials in each country, in other words, to put into practice what has already been decided, since President Jose Sarney himself has declared that it is normal for Brazil to have diplomatic relations with all countries. It is a political issue, however, and the Brazilian Government is waiting for the right moment to announce the resumption of relations. Shortly before he left for Portugal, Abreu Sodre said that everything would come in due time, slowly but surely.

Resumption of Relations

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 May 86 p 4

[Text] "The reactivation of relations with Cuba is inevitable," Brazilian Foreign Minister Abreu Sodre said Sunday in Lisbon. He did not, however, confirm the report from a source high up in Itamaraty that this would come about in November, immediately after the elections for the National Constituent Assembly.

The reactivation process must still pass through two stages. First, high officials of the Brazilian Ministry of Foreign Affairs should meet with Cuban authorities in a third country, to define the number of civil servants and diplomats that the two countries will accept. It is known that, in the beginning, this number will be small.

Before the announcement of the resumption of relations, the foreign ministers of Brazil and Cuba should also meet in a third country. Finally, the two governments will officially announce the restoration of relations.

BRAZIL

REPORTAGE ON SODRE ARMS SALES TALKS DURING MIDDLE EAST VISIT

Minister Seeking More Trade With Arabs

Rio de Janeiro 0 GLOBO in Portuguese 2 May 86 p 16

[Text] Brasilia--Foreign Relations Minister Abreu Sodre returned yesterday from a 4-day visit to the Middle East confident that he had opened the door for Brazilian companies to furnish goods and services to Saudi Arabia and Kuwait in exchange for oil. According to Sodre, the reception was good and the two countries are interested in purchasing Brazilian products, including defense weapons.

Today the minister will give President Jose Sarney a report on the visit. Even though he visited only two countries, the minister met with the Brazilian ambassadors to Iran, Iraq, Lebanon, Egypt, Syria, Jordan, the United Arab Emirates, Qatar, Sudan and Bahrain from whom he received reports, brought back in written form, on the problems of that area. According to Sodre, the area is almost at a standstill and Brazil wants to take a more aggressive position in the sale of its goods in general.

The foreign minister's trip was the first initiative taken in carrying out the priorities defined in President Sarney's foreign policy. The Middle East accounts for 25 percent of Brazil's imports (Saudi Arabia sells Brazil 110,000 barrels of oil per day and Iraq, 130,000) and only 5 percent of our exports. An exchange amounting to \$4.5 billion.

According to Abreu Sodre, the Brazilian mission was particularly aimed at promoting closer relations with "Saudi Arabia from which we buy oil and with which our trade relations are highly unbalanced and Kuwait from which we ceased buying oil more than 2 years ago."

Kuwait wants to reactivate trade relations with Brazil and form joint ventures. According to the minister, it is possible that Brazilian munitions manufacturers may do business with that country. Industrial military cooperation with Saudi Arabia was discussed at great length by the Brazilian minister and the Saudi leaders who expressed a willingness to reactivate an agreement signed 2 years ago by former Minister Saraivo Guerreiro.

However, the conversations held by the minister were of a more general nature, particularly aimed at creating a favorable situation for participation by private companies. Meanwhile, the re-establishment of trade relations with Kuwait is almost a certainty, now awaiting only specific negotiations--delivery terms, prices, selling conditions, etc.

Sodre returned with the impression that the Middle East is of great interest to Brazil which it views as the country which innovated the economic system. In the two countries which he visited, he observed an excellent market for the export of services--principally, civil construction and Brazilian products in the form of foodstuffs--and he gives his assurance that he paved the way for future business opportunities. After all, "Itamaraty's job is not to negotiate but to create a favorable atmosphere for negotiation," the minister said.

Kuwait Wants to Increase Trade

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 86 p 5

[Article by Reali Junior]

[Text] Paris--Relations between Brazil and Kuwait may be rapidly restored after a period of 2 years during which they were almost at a standstill, due principally to the scandal involving the Abico Arabian Brazilian Investment Company, a joint venture supported by BNDES and resulting in a loss of \$15 million by the two partners. This was one of the first subjects brought up by the Kuwaiti officials at the meeting held with Minister Abreu Sodre and his committee. The Brazilian foreign minister advised that Brazil has taken steps to pinpoint responsibility for the mismanagement of the funds and has initiated two types of investigation--one administrative and the other criminal. Moreover, he recalled that he had told the Kuwaiti authorities that Brazil would like for them to conduct similar investigations in their country.

In any case, from now on, relations with Kuwait are expected to progress rapidly inasmuch as the way has been paved by leaders of the New Republic. According to Abreu Sodre, one of the causes for Kuwait's lack of investments in Brazil was the high rate of inflation. Therefore, the steps recently taken by Brazil in the form of economic adjustment are of great interest to the Kuwaitis. According to the minister, from all indications that country is now interested in new investments in Brazil. However, the Kuwaiti leaders did not conceal their displeasure at having 10 percent of the capital holdings in Brazilian Volkswagen and yet having no representation on that company's board of directors.

Arms Market

Neither in Kuwait nor in Saudi Arabia did the foreign minister at any time bring up the subject of armament sales to those countries, precisely because that was not his job. His mission was to create a political relationship between Brazil and those two countries, correcting any existing misunderstandings. In that respect, the mission had positive results. But the minister admitted that Brazilian businessmen in that sector, specifically from ENGESA and EMBRAER, were already there for that purpose.

Even without having made any comment on the subject, it is known that those two firms, as well as AVIBRAS, are interested not only in increasing their trade relations with Saudi Arabia but also in opening what amounts to a virgin market with Kuwait. ENGESA can sell that country its tanks while EMBRAER can place its Tucano training planes on that market. With every day which passes Kuwait is concerned more and more with the problem of defense, regardless of the outcome of the Irani-Iraqi war over the Persian Gulf. From all indications, we shall soon know the results of the negotiations currently underway with Kuwait.

LIBERATION: 'Contract of the Century'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 May 86 p 6

[Article by Marielza Augeli]

[Text] Paris--"Brazil wants to become a great military power and, in this regard, the Brazilian Government will not rest until it reaches the planet's highest level of arms merchants. It wants to control the atomic bomb and space." This statement was made by Jean Jacques Sevilla, correspondent of the French newspaper LIBERATION in Brasilia, in an article published in yesterday's edition under the title: "The Onslaught of the Brazilian Arms Merchants." The article speaks of Foreign Relations Minister Abreu Sodre's trip to Saudi Arabia and Kuwait with the objective, according to the newspaper, of overcoming the final obstacles in the signing of a new "contract of the century" covering the sale of 1,000 tanks with a system of rocket launchers in a deal estimated at \$3 billion.

Citing the Brazilian press as his source, Jean Jacques Sevilla speaks of a "new offensive" by the country in the commercial war launched by the world's arms negotiators. The 5-day visit to Kuwait by LIBERATION could serve to expand the list of customers lured by the "Brazilian war industry." The newspaper quotes Minister Abreu Sodre himself who allegedly asserted that the country intends to take a more progressive position in the sale of that type of merchandise.

In the opinion of the LIBERATION correspondent, the efforts of the Brazilian representatives should soon be facilitated, particularly with regard to the Arab countries, inasmuch as Itamaraty's sales department is ready to have its Brazilian representatives abroad distribute "a catalogue containing 140 pages and amply illustrated" entitled BRAZILIAN DEFENSE MATERIEL. According to the newspaper, the booklet is printed in four languages (English, French, Spanish and Arab) and gives abundant coverage to certain models which, already tested in the field, "made the international headlines with regard to machines 'Made in Brazil'--specifically, the tanks on wheels known as the Urutu, Cascavel and Jararaca."

Among the "innovations" presented to foreign purchasers, the French newspaper cites the AMX, a subsonic ground-attack plane built in collaboration with the Italian firms, Aermachi and Aeritalia; but in LIBERATION's opinion, its performance "is relatively limited compared to the French and American competition." For this reason, the AMX is not expected to enjoy "a very successful domestic career," the correspondent says.

Moreover, the newspaper says, the production of the AMX is intended above all to equip the aeronautics sectors of the two countries (Brazil and Italy). However, for our country it is also a "first step in the establishment of more daring joint ventures aimed at building a supersonic interceptor plane." In another section the newspaper asserts that the dynamism of private companies in that sector is closely linked with substantial investments made by the Brazilian Government to gain control of nuclear weapons and space research. "In that manner," the newspaper adds, "Brazil will have the necessary technology for the manufacture of intercontinental missiles." Citing the JORNAL DO BRASIL as his source, Jean Jacques Sevilla also wrote that, "with slight alternations, the Brazilian space program will make it possible to achieve a long-range ballistic missile."

Also according to the French journalist, the Brazilian space program has now tested four kinds of atmospheric rockets of the Sonda type and this should enable the country to launch its first 100 percent Brazilian-made meteorological satellite by the end of this decade, "thanks to a satellite vehicle launcher (VLS), also of entirely domestic manufacture."

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BRAZIL

RESOURCE ALLOCATION FOR ARMED FORCES MODERNIZATION VIEWED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Apr 86 p 8

[Text] The order of the day of the military ministries, which are now investing their resources in the automation and reoutfitting of their units, is "to enter the modern age." This month, the government released the first funding for the Army program entitled FT/90 (Ground Force-1990). The program includes the plan to strengthen the border defenses, the goal of self-sufficiency in war materiel, the redistribution of ground force units in the country, the creation of the Army's air unit and a dozen other items, according to information obtained from the Armed Forces.

For its part, the Navy has one of the most modern fleets in Latin America, but it intends to keep it up to date and to intensify its PPO (Partial Plan To Obtain Naval Resources) in the next few years. The Air Force, which is responsible for all the airport infrastructures, will confine itself to replacing the F-5 and Mirage planes, rounding out its fleet, and, in the next few years, acquiring only the AMX planes manufactured by EMBRAER [Brazilian Aeronautics Company].

With guaranteed extra-budgetary resources of about \$300 million (about 4 billion cruzados) assured for this year and a like sum for next year, the program for modernization of the ground force will not be jeopardized by the cuts imposed by the government to guarantee the Economic Stabilization Program. The first funding parcel for this year--750 million cruzados--was released to the force last week.

The FT-90 Program provisions range from the purchase of war materiel and the installation of a helicopter battalion to such details as the construction of barracks, improvement of professional training and the acquisition of medical supplies for the Army hospitals. Two of the principal goals are already in the process of execution. The first one, the territorial redistribution, began on 1 January 1986. The other goal, the entry into operation of a helicopter battalion, is already in an advanced phase of implementation; pilots are already being assigned for training by the Navy and Air Force.

Redivision

The first evaluation of the results of this territorial redivision was presented at the meeting of the Army High Command on 21 March. The Southeastern Military

Command (which now takes in only Sao Paulo State) has been most affected by this measure; having been relieved of the responsibility it once had for Mato Grosso and Mato Grosso do Sul states, it now has more resources and more time for the Sao Paulo army.

These two states--Mato Grosso and Mato Grosso do Sul--along with Rondonia, which was formerly in the Amazon Region Military Command [CMA], are now in the newly created Western Military Command (CMO). In studies conducted for this redivision, which were initiated at least 4 years ago, it was observed that, from the geopolitical standpoint, these three states are more closely identified with each other than with Sao Paulo and should be combined in a command. Maranhao State is in a similar situation, since it is considered closer to the Amazon Region than to the northeastern region to which it had been assigned. The CMA lost Rondonia but, in compensation, it gained Maranhao and the "parrot's beak" which is formed by the northern region of Goias State.

In the other regions, there was only a change in nomenclature. All the armies are now known as military commands, because what the General Staff understands, by strict definition, to be an army, with an expressive manpower contingent and fully equipped, exists in fact only in the former Third Army, today the Southern Military Command, formed by Rio Grande do Sul, Santa Catarina and Parana.

Purchase of Equipment

Of the first funding released for the FT-90 program this year, 65 percent (477 million cruzados) will be used to acquire war materiel. There are plans to purchase wheeled and tracked vehicles, light arms, trucks, jeeps and other type of vehicles used to transport troops. The Army is also going to purchase equipment for the direction of fire, rockets of the Astros type (of Brazilian manufacture), munitions and firing stands and will establish new training fields. The Army plans also feature the development of an antiaircraft artillery program and the construction of new barracks, particularly in the Amazon Region.

Calha Norte Plan

Along with the FT-90 program, by the end of the decade the Sarney administration intends to carry out a plan of action for the Northern Region, designated the "Calha Norte Plan." This project was developed by the National Security Council to meet the needs of the Army, which is asking for the installation of 10 more military units on the northern border. The first step is carrying out this plan will be the construction of secondary roads linking small communities in the border area, from the territory of Amapa to Acre State, cutting through northern Para State, southern Roraima State and the extreme west of Amazonas. Through this project, which will go into operation in 5 years, the government aims to strengthen the delineation of the border with the neighboring countries, particularly Colombia.

Table I: Comparative Strength of Brazilian Military Power

Country	Expenditures (\$ millions)	<u>Means</u>				
		<u>Men</u>	<u>Tanks</u>	<u>Ships</u>	<u>Submarines</u>	<u>Planes</u>
Brazil	1,055	276,000 (176,700 conscripts)	1,692	79	7	166
South Africa	2,434	106,400 (64,000 conscript)	4,850	57	3	356
Angola	780	49,500 (24,000 conscript)	870	31	-	141
Argentina	2,676	108,000 (61,000 conscript)	1,085	41	4	157
Cuba	1,357	161,500 (99,500 conscript)	1,515	76	4	250
Israel	3,621	142,000	7,600	88	3	684
Mexico	561	129,100 (60,000 conscript)	138	90	-	85
Vietnam	unknown	1,027,000	4,750	91	-	270

(Data were extracted from the magazine THE MILITARY BALANCE 1985-1986, of the International Institute of Strategic Studies, London. Budget figures refer to 1984, except for Angola, where the figures are for 1982. The item "War Ships" also includes patrol launches.)

Borders

Today, along the 10,948 kilometers of the Amazon borders, there are 21 watch stations (military units); these are either small groups consisting of border platoons (with about 70 men), or large groups, consisting of border battalions (with about 800 men). The government would like to amplify these posts in the next 5 years and to increase the number of stations, at least within the next 10 years.

In the central-western region, the situation is more diversified, because there are more facilities for communication on both sides of the border and the Army has established a more effective presence. Along the 2,297 kilometers of the central-western border, more than 30 posts are distributed over an area only a fifth as large as that of the Amazon Region.

In the south, the characteristics are even more diversified and the border area is almost totally occupied, on both sides, with the Armed Forces of Brazil, Argentina and Uruguay presenting a strong presence. There are 2,474 kilometers of borders and the military units are no longer watch posts but effectively installed quarters. Most of the personnel of the three forces is stationed in the south of the country.

Navy

Although the Navy has the largest and most modern fleet in Latin America today, in view of the lengthy Brazilian coastline, Admiral Henrique Saboia, minister of the navy, aged 60, is engaged in implementing the first PPO (Partial Plan to Obtain Naval Resources), which will run until 1991. To carry out the program to strengthen the naval power, Minister Saboia has already ordered 4 corvettes, 4 submarines, 3 tugboats, 33 troop transport helicopters and 4 subchasers. To acquire this equipment, the Navy has \$1.5 billion--almost 20 billion cruzados--at its disposal.

With the \$30 million it expects to receive this year in petroleum royalties, the Navy also intends to order a patrol launch, a medium-tonnage patrol ship (about 40 tons) and a large-tonnage patrol ship (about 1,100 tons), with helicopters and cannon. With the regular receipt of the royalties, the Navy plans to establish a timetable for orders, with the goal of acquiring, in all, 12 patrol launches, from 12 to 16 medium-tonnage patrol ships and from 8 to 12 large-tonnage patrol ships.

The Second PPO, to be initiated in 1991, provides for investments of \$1.5 billion for the purchase of eight corvettes, two antiaircraft frigates and four submarines.

Air Force

The goal of the Aeronautics Ministry is to restore the strength of the Air Force. By the year 2000, the FAB [Brazilian Air Force] intends to fill out its squadron of F-5 planes, purchasing 26 more units, so it can always count on having 42 units in operation. The Air Force should purchase 6 more Mirage planes, to maintain a total of 16 in operation, and should also modernize the existing units. The F-5s should also be reoutfitted, with new radar equipment and a complete remodeling of the cockpits.

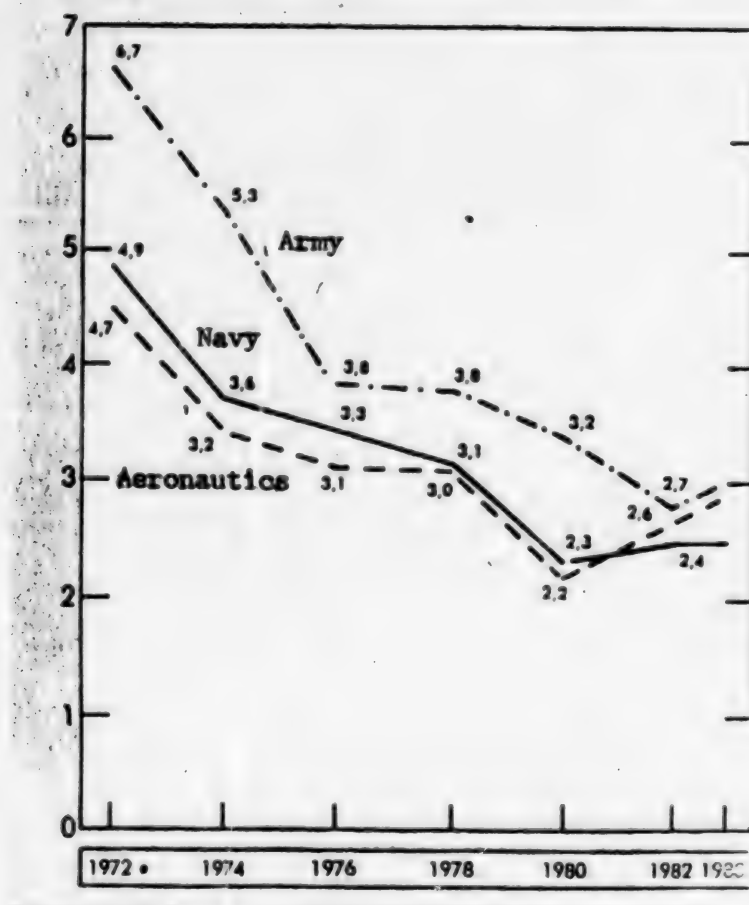
The F-5 will be relieved of its solo attack mission, which will now be the responsibility of the 79 AMX combat planes which have been ordered from EMBRAER and which will go into operation with the force in 1988.

Aeronautics is also responsible for the infrastructures of the airports and for air traffic control in the country. Pursuing the program developed by former Minister Delio Jardim de Mattos, next year the Dacta Two system will go into operation; it will control air traffic throughout the southern region, including Sao Paulo, Parana, Santa Catarina and Rio Grande do Sul states, as well as part of Argentina. Continuation of the expansion of the Guarulhos Airport, in Sao Paulo, and the Galeao Airpot, in Rio de Janeiro, is also among the priorities of Minister Julio Moreira Lima, aged 59.

1986 Military Budget: 45 Billion Cruzados

Maintaining the Armed Forces absorbs 6.85 percent of the nation's budget (656 billion cruzados for 1986), representing a cost to Brazil of about 45 billion cruzados annually. The Army Ministry, which had the largest budget of the three forces until 1983, is in last place today, below the Aeronautics

Graph I: Evolution of the Budgets of the Three Forces (percentage of the Federal Budget)



-and Navy ministries, in order. This year the Aeronautics Ministry received 20.7 billion cruzados (3.08 percent of the federal budget), while the Navy Ministry received 13.08 billion cruzados (1.98 percent of the budget) and the Army Ministry received 11.1 billion cruzados (1.6 percent of the budget).

In 1972, when the security-development equation was the mainspring of the military governments, the Army, Navy and Aeronautics ministries absorbed 16.45 percent of the nation's total resources. After that, the percentage of the budget allocated for the Armed Forces declined to 7.75 percent in 1980, rising slightly in 1982 and 1983. Today, with 6.85 percent of the treasury resources, the Armed Forces are drawing down the smallest percentage in the last 15 years.

Air Force

Only 20 percent of the Aeronautics Ministry allocation is destined for reoutfitting the Air Force. This year, 4.04 billion cruzados will be spent to acquire new planes and to reoutfit the existing planes, on aeronautical equipment and on equipping the agencies of the branch. The FAB payroll for civilian

and military personnel consumes 17 percent of the budget, or 3.56 billion cruzados. The Aeronautics Ministry will spend 1.84 billion cruzados to pay its debts.

One of the sectors which eats up much of the FAB budget is the infrastructure of the airports and air traffic control. To this end, the force will spend 4.1 billion cruzados this year, or almost 20 percent of its budget. The remaining 7 billion cruzados will be distributed among the administration of the force, planning, the administration of the territory of Fernando de Noronha, the purchase of fuel for training and transport, the development of science and technology, the data processing sector, military training and medical and health services.

Navy

This year, 3.325 billion cruzados was the figure contemplated for the program to reoutfit the Navy, corresponding to 25 percent of the total budget of the Naval force. The Navy will spend 2.24 billion cruzados to amortize its debts and 4.08 billion cruzados to pay the salaries of its civilian and military personnel. The remaining 3.3 billion cruzados will be spent on development of science and technology, training, health and sea transport.

Army

The civilian and military payroll annually consumes 58 percent of the Army budget of about 11.11 billion cruzados. Thus, the Army must plead, as it has done, for extra-budgetary funding for its reequipment program. This year it will receive about 4 billion cruzados in additional funding. Meanwhile, the original allocation is also to be spent on the construction of barracks, the purchase of war materiel and quartermaster supplies, the establishment of training infrastructures, training and acquisition of fuels and lubricants, among other items, at a cost of about 1.3 billion cruzados. The Army has allocated 79 million cruzados for the development of science and technology.

Modern Weapons for Fewer and Better-Trained Men

A theory currently shared by the three military ministries and one that has replaced the "old" idea of "the more men, the better," to [protect] the vast national territory, is the idea of having a smaller force, but one which is better trained and better equipped. Today, instead of expanding the force, the Army, Navy and Aeronautics ministries want more modern equipment and weapons and better-trained personnel, the ministers themselves declare.

None of the three forces currently has the troop strength allowed by law. In [1955], the Army had an approved force of a few more than 169,000 men; 20 years later (end of 1974) it numbered 182,000 men and the figure changed very little in the next 10 years. In 1983, the Congress approved a bill of President Joao Baptista Figueiredo, authorizing an increase of 10 percent annually until 1994, when the ground force would come to about 296,000 men.

Table II: Military Service: 1985/1986

<u>Status</u>	<u>Number of Men</u>
1. Registered	1,305,593
Called up	792,227
Fit for Duty	430,810
2. Designated	
Active military service	124,405
Military Academies	50,160
Training Center for Reserve Officers	4,005
Total	178,570
3. Inducted and Enrolled	
Active military service	97,957
Military Academies	37,160
Training Center for Reserve Officers	2,670
Total	137,787

The lack of interest in pursuing this goal is demonstrated by the actual figures. Of the 197,000 men authorized, the Army has a few more than 179,000 men in its ranks. Army Minister Leonidas Pires Goncalves, aged 64, intends to add only 20,000 men throughout his tenure.

General Walter Pires, former minister of the army, explaining the reasons for expanding the troop strength, claimed that Brazil needed more troops because it was "an emerging power, with international prominence and great responsibility on the world scene." In addition, he recalled "recent events in the South Atlantic," referring to the Malvinas War in 1982. According to Gen Walter Pires, there was "a need for a modern force to defend the nation's sovereignty and to guarantee domestic order," which could only be achieved by increasing the manpower in the ranks of the Army.

In a study conducted recently, the Army General Staff (EME) saw no reason to increase the troop strength in the proportions planned, considering that Brazil lives in peace with its neighbors and there is no external threat. The thinking of the EME, which is expressed in the modernization program, is to "make the existing force functional by modernizing the equipment and training the manpower." The EME also believes that the social area has priority at this time, "because our security depends in large part on our social tranquillity and thus our concern should be for the social welfare of the population."

Enrollment

The Army accounts for most of the annual enrollments, absorbing most of the 18-year-olds who will perform their compulsory military service. This year, 1,305,593 young men registered for the Army and 792,277 were called up.

Of the 792,000 who were called up, 430,000, or 53.38 percent, were considered fit for service. The principal reason for the rejection of the other youths

was ill-health; particularly, problems of malnutrition, poor teeth, low weight in relation to height, poor eyesight and congenital deformities of the lower extremities or spine.

Of the 430,810 youths who were declared fit, 97,957 were inducted into the Army nationwide; 37,160 men were admitted to the military training academies and 2,609 men were enrolled in the CPOR (Training Center for Reserve Officers) totalling 137,787 men who are serving in the Army this year. In Sao Paulo State alone, 21,000 men are serving in the ground force.

Navy and Air Force

In the last 30 years, the Air Force has expanded its service the most. In 1955, the Air Force had 30,293 men. In 1974, this figure rose to 44,679 and in 1986 the total figure is 53,000 men. In 1983, the Air force also received authorization from the Congress to increase its force by 20,000 men; to date, it has added 3,000 men to its ranks. However, Minister Moreira Lima, aged 59, is not interested in taking on this personnel which has already been authorized.

The only real increase in the Navy troop strength occurred from 1955, when the Navy had 46,500 men, to 1974, when the figure reached 54,500. This number was maintained until 1986 and although Navy Minister Henrique Saboia, aged 60, has been authorized to expand his force by 3,000 men, he does not intend to do so, because, as he says, he feels it is unnecessary.

There are no statistics on the backgrounds of the recruits selected to serve in the Army. In Brazil, however, there is an unwritten rule which is almost never broken: young men from the south of the country will be assigned to serve in the federal capital. The military chiefs consider them the most fit for military service.

Successful Completion of Courses Required to Rise in Ranks

There are 10 ways to become an officer in the Armed Forces in Brazil: 4 ways in the Navy, 3 ways in the Army and 3 in the Air Force. After 4 years at one of the military academies, at an average age of 23 years, a young man becomes an officer, with the rank of second lieutenant and a salary of about 6,000 cruzados. If he attends and passes all the other required military courses from then on, he could reach the rank of general.

About 70 percent of all the places offered in the military academies go to young men from the Navy, Army and Air Force preparatory schools and the military high schools. The remaining places are filled by civilians, based on a national competition, similar to a college entrance examination.

Army

The most traditional of the schools is the Army's Military Academy of Agulhas Negras, located in Resende (Rio de Janeiro), 160 kilometers northwest of the capital of the state. There are 350 places available annually. For the first 3 years, the young men receive a grant of 507.60 cruzados, at current prices, per month. The 4th year, when he becomes an officer candidate, the young man receives 846.00 cruzados.

Table III: Evolution of the Troop Strength of the Three Forces

<u>Service</u>	<u>Year</u>		
	<u>1955</u>	<u>1974</u>	<u>1983</u>
Navy	46,500	54,500	54,500
Army	169,845	182,784	182,784
Air Force	30,293	44,679	50,679

For the CPOR (artillery, infantry, engineering and cavalry, quartermaster service and ordnance), the minimum age to compete for admission is 17 years and the maximum is 22 years; the candidate must be in the last year of secondary school or have completed the course of the Army's preparatory school for cadets, the corresponding institutions of the other branches or equivalent secondary school.

To enter the Military Institute of Engineering, located in Rio de Janeiro, the young man must have completed secondary school and be under 24 years of age on 31 December of the year of registration. Registrations are conducted in the military organizations of the Army.

The third way of becoming an Army officer is to enter through the health field, attending the Army's School of Health, also in Rio de Janeiro. The candidate must have been trained in medicine, dentistry or pharmacology. He must be less than 30 years of age and must register between 1 and 30 June. This course lasts for 7 months.

Air Force

The three ways of becoming an FAB officer are very similar to those of the Army. The Air Force Academy, located in Pirassunga (Sao Paulo State), 206 kilometers northwest of Sao Paulo, trains pilots, quartermasters and infantry officers, in 4 years of attendance as a cadet. To apply, one must have completed secondary school and be less than 20 years old on 15 March of the year of admission.

As in the Army, he is then promoted to officer candidate and soon afterward to second lieutenant.

The Military Institute of Engineering (Air Force Institute of Technology -ITA) is in Sao Jose dos Campos, 97 kilometers northwest of the capital [of Sao Paulo], and the course lasts for 5 years. Course options are aeronautical engineering, electronics, infrastructure and aeronautical mechanics. At the end of this period, the youth becomes a candidate for engineer reserve officer (civilian) or engineer first lieutenant (active).

Navy

In addition to the Naval Academy, which offers a 4-year course for which the maximum age for admission is 22 years, the Navy also has a medical corps training course and a course for engineers or naval technicians, all conducted in Rio de Janeiro.

The Navy also has a training school for merchant marine officers, located in Rio de Janeiro. Candidates must have completed secondary school and be between 17 and 24 years of age.

6362

CS0: 3342/106

BRAZIL

EXTENT OF ORGANIZED CRIME CONTINUES TO CHALLENGE POLICE

Drug Trafficking, Smuggling Increasing

Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Apr 86 p 28

[Article by Carlos Carolino with collaboration of Rio branch]

[Text] Sao Paulo and Rio may not be the Chicago of the 1940's, infested with gangsters in dark suits, a somber air and a machine gun always ready to spray volleys of bullets when a business deal is threatened by rival gangs or the police. However, it is a fact that organized crime exists in Brazil. It is difficult to track down organizations hiding behind a highly visible front and only occasionally making an appearance. It is still more difficult to determine the identity of some of those powerful bigwigs without whose financing the business deals could not succeed.

Transformed into an international cocaine route through the efforts of Tommaso Buscetta, one of the major heads of the Mafia (now imprisoned in the United States and conducting a campaign of revenge against his former allies), Brazil is consequently a setting for activity in that sphere. Last Friday in Manaus, Amazonas, the Federal Police seized 19 drums of ether, alcohol and acetone, all essential products in the manufacture of cocaine.

Deputy Jose Augusto Bellini of the Narcotics Bureau of the San Paulo Federal Police says that the breakup of the Buscetta gang and the attack launched against the Colombian Mafia, the so-called "Eccentric Operation," in no way signify the end of organized gangs in that domain. According to Bellini, profits from the smuggling of ether and allied products are fantastic. "A drum purchased for 7,000 cruzeiros is sold for as much as \$18,000.00," he says.

That has been the most prominent form of organized crime in recent years. But organized crime is not confined to "imported" activities. The numbers game is the most characteristic example of domestic organized crime. It operates on a broad base made up of ticket vendors who deal through bookies ranging from low-scale employees to the top echelon: highly-placed bankers such as Rio's

Castor de Andrade or Aniz Abrahao David who do not even take the trouble to conceal their role. The numbers game promotes "social" activities (at samba schools or soccer clubs) where it can operate in other illegal areas, such as drug trafficking. It also seeks to attract politicians or other influential individuals to support its interests. In addition to the numbers game being classified as just a misdemeanor, there are even some who would like to see it legalized.

In Rio de Janeiro the job of combating organized crime is now in the hands of two public prosecutors: Antonio Carlos Biscaia (released from the Office of the Attorney General of Justice by Gov Leonel Brizola last week) and Rafael Cesario, appointed by Biscaia to follow up inquiries involving the numbers game. One of these involves an investigation of the numbers game and gambling houses per se; another concerns the involvement of high-level bookies in murders and drug trafficking.

A memo sent by Biscaia to his Office of Criminal Affairs stated that "the illegality of the numbers game has resulted in a perfectly structured 'legal organization'. For a long time that 'organization' was involved in the numbers game only, employing a vast number of lazy individuals. It then began to engage in other forms of criminal activity: smuggling, drug trafficking, auto theft, etc.

CERCO Combating Gangs

In other cases, speaking of organized crime might be a matter of expression. There are simpler organizations which consist merely of groups of individuals acting in a coordinated manner. Even so, the police have not always been able to take effective action (particularly in view of a shortage of personnel capable of taking such criminal action). The Specialized Corps for the Repression of Organized Crime (CERCO), established in Sao Paulo on 25 March by the Civil Police, has, among others, the objective of combating the criminal gangs and preventing them from getting even larger.

CERCO is now installed in the five sectional precincts of Sao Paulo and in Mogi das Cruzes (a municipality of Greater Sao Paulo). It will soon be operating in Osasco and Guarulhos, two other municipalities. Each precinct is to have one deputy in authority and three sector heads (theft, drugs and general investigation). A total of 18 detectives will be employed in each unit.

Abrahao Jose Kfoury, aged 46, deputy general of the Sao Paulo Civil Police, believes that from July on results will begin to appear in that area. The new department will direct particular attention to gangs of moderate importance involved in swindling, drugs and robbery. Kfoury does not preclude the possibility of using CERCO in the investigation of better organized gangs which have vast networks of influence at their disposal.

However, he knows that, with limited funds and a weak support structure, the possibility of making great strides is not very good.

Bellini calls attention to the importance of money and information. Without the support of the U.S. Government through organizations such as the DEA, it would not be possible to carry out major operations as performed by the Federal Police in drug trafficking. Bellini says that one of the objectives announced by Romeu Tuma upon taking on the job of director general of the PF is to combat organized crime, acting in conjunction with the State Police. Marco Antonio Veronezzi, superintendent of the PF in Sao Paulo, is going along with that procedure, according to the deputy.

Gold

Although the organizations involved in drug trafficking are fairly well known, in the case of gold, they must still be brought to light. In principle it is a simple matter: the so-called "trombadinhas" in the streets of large cities are the suppliers of part of this material which is sold by fences in "slum dwellings" as such places for the receipt of stolen goods are called. Another part of the gold comes illegally from the mines. In some instances, the fences sell the jewelry, rings, chains and necklaces to private foundrymen. The gold is then sold legally to large foundries in the form of bars.

In Sao Paulo Prosecuting Attorney Jose Luis Borges investigated cases on gold-smuggling gangs in which two policemen, Fanuelson de Arruda Mazzeu and Mario Amin Suriane, were involved and which, in one instance ended in death. Disputes in the best style of gangsterism also occur. He speaks of two attorneys, "Saraiva" and "Gomes," who were fighting. Gomes hired a Frenchman, Jean Jackes Duprat, to liquidate his opponent. The attack occurred, but Saraiva managed to survive despite being shot several times.

Borges suspects that in many instances part of the stolen gold is to be sold abroad. He called attention to an article published last week in the FOLHA in which Uruguay appears as an exporter of gold (29 tons last year), even though Uruguay is not a gold-producing country. One of the cases he investigated was precisely that of a Uruguayan who was "bilked" (robbed) of 10 kg of gold. He asks: "What was a Uruguayan doing in Sao Paulo with 10 kg of gold?"

According to Marcio Prudente Cruz, aged 52, chief deputy of DEGRAN and head of CERCO, the gold affair even managed involuntarily to involve a multinational company with headquarters in the Netherlands. The firm's financial director began to buy gold in bars. This was a transaction which in a short time proved to be highly profitable and roused interest at corporate headquarters. The enthusiasm was so great that three directors journeyed to Brazil to expand the arrangement: they wanted to buy the mine.

The financial director took them to an old house near Avenida Paulista in the center of Sao Paulo whence he had obtained the bars. Here they learned that there was no mine. The man who received them allegedly said, with a certain

degree of cynicism, that the gold came from an "urban mine." When the businessmen saw some jewels being melted in a forge, they understood that they had been swindled. That was quite enough, according to Marcio Cruz. The company sold all the gold it had acquired and the directors, including that of finance, returned to the Netherlands.

Banks

Assaults against financial institutions are another objective to be combated by Marcio Prudente Cruz. According to him, organized groups operating in that area have been responsible for safecracking and simultaneously issuing "rubber" checks in various states, causing greater harm than that resulting from theft committed against banking agencies and institutions.

"We have had meetings with bank representatives," the deputy said. "The meetings exposed only the tip of the iceberg; the police districts are not able to carry the investigations further. This is where CERCO enters the picture. It will serve to establish a relationship among the various events, assemble information and verify the existence of the gangs."

Other areas, such as robbery and vehicle theft and the so-called "clip joints" and "con games" will also be investigated. CERCO is already aware of a truck gang which drives the vehicles to Minas Gerais where they are sold to other states in the northern part of the country. As for con games, Marcio Cruz says that various police officials are involved. "They buy companies about to become bankrupt, purchase large quantities of merchandise and then disappear with the merchandise."

To anyone who expects outstanding results from the efforts of CERCO, Adolfo Tiossi Bernardes, head of the 1st Regional Precinct and responsible for coordinating the organization, asserts that it is still too early to tell. In Deputy General Abrahao Kfoury's opinion, CERCO will fill the void which existed between the police precincts scattered throughout the city and the Criminal Investigations Department (DEIC) and establish "a healthy constructive arrangement" with the latter.

PF Jungle Survival Course

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 86 p 12

[Text] PF Director General Romeu Tuma said that he is alarmed at the number of options available to organized crime in the Amazon River region with regard to smuggling and drug trafficking. He attended a meeting at the Regional Superintendency of the Federal Revenue Department where he heard reports on the various ways in which the area is infiltrated and announced that at the end of the month a jungle survival course would be given by the Army to 25 Manaus DPF agents. "From that time on those men will be capable of carrying out any operation in the jungle," he said.

Tuma reasserted that, in view of the difficulty in conveying ether and acetone used in the manufacture of cocaine across the borders of producer countries, the PF is putting together an effective operation aimed at preventing drug rings from bringing the raw paste to be refined in our national territory. The PF director general also said that a meeting will be held in Brasilia in the near future with various security ministers to map out an integrated system for action against automobile theft.

8568/8309

CSO: 3342/109

BRAZIL

BRIEFS

PETROBRAS PRESIDENT RESIGNS--President Jose Sarney has accepted the resignation submitted by PETROBRAS President Helio Beltrao. Mines and Energy Minister Aureliano Chaves has said that Beltrao resigned for personal reasons. [Summary] [Brasilia Domestic Service in Portuguese 2200 GMT 14 May 86 PY] /6662

OIL FOUND IN NORTHEAST--The Brazilian Petroleum Corporation has reported that oil has been found in Rio Grande do Norte. One well is producing 264 barrels a day, while the deepest one is producing 854 barrels a day. [Summary] [Brasilia Domestic Service in Portuguese 2200 GMT 8 May 86 PY] /6662

SAVINGS IN OIL IMPORTS--According to information disclosed by the PETROBRAS commercial department, during the first 4 months of the year Brazil saved \$700 million in oil exports due to the drop in the world price. During the January-April 1986 period, Brazil imported oil worth \$1.2 billion, compared to \$1.9 billion during the same period in 1985. This represents a 36-percent drop. [Summary] [Rio de Janeiro O GLOBO in Portuguese 13 May 86 p 18 PY] /6662

AGRICULTURAL TRADE WITH SPAIN--The first meeting between Brazil and Spain on agricultural cooperation ended today. The meeting, which lasted 3 days, dealt with the technological possibilities in the area of research, rural extension work, plant protection and inspection, forest conservation, agricultural production, irrigation, supply, storage, and financing of production. [Excerpt] [Brasilia Domestic Service in Portuguese 2200 GMT 23 May 86 PY] /6662

RELATIONS WITH CUBA--Brazilian Foreign Minister Roberto Costa de Abreu Sodre has reported in Brasilia that renewal of relations with Cuba continues to be studied. The Brazilian ministry says that no date has been set for renewing relations between the two countries. [Text] [Havana Radio Progreso Network in Spanish 1100 GMT 20 May 86 FL] /6662

GOLD IN MATO GROSSO--A gold, silver, and copper mine has been discovered in western Mato Grosso. Until now, Mato Grosso has produced an average of 7 tons of gold per years. When the new deposit is exploited, beginning in 1987, this production will increase by 38 percent. [Excerpt] [Brasilia Domestic Service in Portuguese 2200 GMT 21 May 86 PY] /6662

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NAVY READIES MISSILE PROJECT—Admiral Henrique Saboia, minister of the navy, has announced that studies are being conducted to determine the funding needed to produce a surface-to-surface missile. The project will be coordinated by the Naval Research Institute (IPqM). The admiral admitted that once the technology is secured for this weapon, other missiles could be produced for various uses. He noted that two corvettes which are under construction at the Rio Grande Navy Arsenal should be equipped with Exocet missiles, of French manufacture. However, some corvettes which will be built in the next few years could be equipped with a Brazilian-manufactured missile, if it is ready for production by that time. The Naval Research Institute, an institution which develops technologies of interest to the Navy, is in a position to carry out the surface-to-surface missile project. Referring to the Navy's reequipment program, the minister mentioned the two corvettes which will be built at the Verolme shipyard, under the terms of a contract to be signed soon. Agreements have already been initiated with the economic area of the government for construction of other ships. A study conducted by the Navy General Staff demonstrated the need for 12 corvettes, to bring the fleet up to a reasonable level. [Text] [Rio de Janeiro JORNAL DE COMERCIO in Portuguese 4,5 May 86 p 6] [Article by Helio Contreiras] 6362

CSO: 3342/106

CHILE

STUDENT LEADER CHARGES PINOCHET 'MAJOR OBSTACLE TO PEACE'

Santiago ANALISIS in Spanish 22-28 Apr 86 p 44

[Text] The interview had to be stopped on at least two occasions. Nevertheless, the excuses given could not be denied. It was the period preceding the student strike, and Angel Domper, in his capacity as head of the Law Students Center at the "U," was one of those responsible for the success of this mobilization. So, the second "session" had to be held in an uneasy atmosphere, amid reports of mass arrests and many persons injured by buckshot and pellets.

But, on this occasion, the reporter's interest was focused on learning the assessment that the university leader and current head of the Youth Pro-Rights Commission (CODEJU) had regarding the national situation.

[Question] Some time ago, you told ANALISIS that the politicians owed Chilean youth 12 years. Now that this time has elapsed, what do you feel the amount of that debt is?

[Answer] I shall divide my answer into two parts: First, I think that the amount of the debt has risen within a few months. Now, it will be 13 years that they owe. However, I believe that there have been substantial changes in Chilean policy, based on the nature of the creation of the Civilian Assembly. Now, it is realized that the social organizations are the ones conducting the mobilization in Chile, and the top-ranking heads of these organizations are persons under 45 years old. This already means a positive change in the direction of Chilean policy. The politicians have realized this, and hence I think that there has been some progress; but, obviously, they still owe us these nearly 13 years, since political unity has not yet been established among the opposition. We know that many are expending great efforts to achieve unity. However, I am convinced that there are some who will continue to raise this debt, which is unpayable for so many.

[Question] Leaders of your party (the Christian Democratic Party) note that the "way" to democracy necessarily entails negotiation with the Armed Forces. As a youth leader of that party, what is your opinion?

[Answer] The leaders of my party are in favor of a way that will not mean a militarization of the conflict that exists in Chile at present.. From that standpoint, there is no question that, as Christian Democrats, we shall strive

until the last moment to avoid any military confrontation among Chileans, among brothers. For this reason, we consider negotiation with the Armed Forces to be essential, and they must understand that it is necessary to sit down for dialogue with the politicians, with the people of Chile. It is, indeed, necessary not to confuse the Armed Forces with Pinochet. The ones with whom we must converse here are the corps of generals and admirals, all the members of the military institutions. It has been proven totally impossible to even try to hold any type of dialogue with Pinochet.

In my opinion, what must be discussed first with the Armed Forces is how we can oust Pinochet. That is the essential point nowadays. Once the dictatorship has ended, we shall be able to start talking about other things, but always bearing in mind that what the opposition is demanding now (and will continue to demand) is that there be justice in this country.

[Question] Transcending certain interpretations, it is a fact that Chile is undergoing a crisis of widespread violence. What does a person who, like yourself, now heads an agency concerned with the defense of human rights, think of this situation?

[Answer] Violence has always proven detrimental to the development of peoples. We must bear in mind that violence was established in Chile on 11 September 1973, with the military coup. The main obstacle that we Chileans have now to gaining peace is Pinochet. So long as he remains in power, this spiral of violence that is becoming more heightened every day will continue in our country. That is why a first step that the opposition must take to restore respect for human rights and freedom in Chile is to impel all those agencies for social mobilization to put an end to the dictatorship.

Another major step for attaining peace is to carry out a thorough restructuring (as was done in Bolivia when the dictatorship fell) of the courts of justice. As a law student, I have been greatly disillusioned by the Chilean justice system, and I think that this holds true of the vast majority of my companions, as well. We simply have no confidence in these courts of justice. Some day, when freedom has been recovered, a political trial will have to be held of all the ministers, both from the Supreme Court and the Court of Appeals. The magistrates will have to give an account to the country (through its real representatives) of their action in defense of human rights. Once there exists an absolutely independent judicial branch and there is an end to the major obstacle to peace, namely, Pinochet, then we can begin talking in this country about democracy and authentic freedom.

2909

CSO: 3348/564

CHILE

PUBLIC OPINION POLL GAUGES POLITICAL LEADERS' POTENTIAL

Santiago QUE PASA in Spanish 10-16 Apr 86 pp 16-19

[Text] "The fact is that there are no leaders," claim some categorically. "Of course there are," others hasten to reply. "But they are the same ones as always. There are no new faces." And so, the argument could continue, up in the air! To cooperate with the discussion of this important topic for the nation's future, QUE PASA commissioned a poll taken by ADIMARK. Purpose: to find out how well known the "famous" political leaders are, those who speak on behalf of the great "silent majority." Also, to gauge the influence of the public figures who have spoken most during recent years. For this purpose, it drew up a list of the 35 most "vociferous" names. The members of the Government Junta and the president were not included, for obvious reasons.

What is your opinion of these political leaders or public figures?

After hearing a name, the person polled could state whether his opinion of the one mentioned was favorable, indifferent, or unfavorable. He could also admit that he didn't know, or was not familiar with the name.

These are the names. And these are the results, in order, according to the highest degree of acceptance received. But little remains to be said; only to point out that the DC [Christian Democratic] members are the best known and the ones who are the most liked, and that Seguel, who is now more reticent, has a (surprising?) influence. As an item of information, we add that the "fans" of the trade union leader are mainly among those under 35 years of age and in the highest socioeconomic sector (ABC 1) as well as the lowest (D). It is also important to note that the highest degree of indifference toward and unfamiliarity with Seguel occurs among the middle class (C 2, C 3). Although the second best known leader is a member of the right, he cannot be claimed to enjoy great popularity: he ranks in sixth place...something that should be more than an alert to that fragmented political conglomerate. Sergio O. Jarpa has greater backing among the C 2, C 3 and D groups (fruits of his recent plantings?), and among those polled older than 35 years, but under 50. The young people were the ones who expressed most indifference toward Jarpa. Although the Communist leader, Luis Corvalan, was eighth in the ranking of the favorites, a high percentage of the sample (mainly youth) is unfamiliar with him. He has his base of support among those over 35 years old and in group ABC 1, although the greatest rejection was also given him by representatives of the same groups.

As for the government, the one who "shows up" is Minister Cuadra...although he proved to be the public figure most rejected by those polled, particularly the men, those under 50 years of age, and those in group ABC 1.

	FAVORABLE	INDIFERENTE	DESFAV.	NO SABE
	(1)	(2)	(3)	(4)
Rodolfo Seguel	51.2		13.4	11.5
Andrés Zaldivar	44.2		14.3	22.1
Gabriel Valdés	40.1		19.4	23.0
Radomiro Tomic	36.9		14.7	30.9
Rafael Retamal	35.9		13.0	42.9
Sergio O. Jarpa	29.0		18.9	13.4
Bernardo Leighton	27.6		16.1	46.5
Luis Corvalán	20.7	13.4		43.3
Fco. Javier Cuadra	19.8	19.4		18.4
Enrique Silva Cimma	19.8	12.4		59.9
Domingo Durán	18.9	18.0		52.1
Andrés Pascal Allende	18.9	8.8		45.6
Clodomiro Almeyda	18.4	11.5		52.5
Jaime Insunza	17.5	12.0		59.9
Julio Durán	16.6	15.7		57.1
Jaime Guzmán	14.3	12.4		47.0
Carlos Briones	12.9	11.1		64.5
Ricardo Lagos	12.4	9.2		69.1
Juan de Dios Carmona	12.4	14.7		55.3
Armando Jaramillo	12.0	11.5		68.7
Francisco Bulnes	11.5	12.9		59.9
Carmen Sáenz	11.5	15.7		61.8
Andrés Allamand	11.1	13.4		61.3
Ricardo García	10.1	18.4		46.1
William Thayer	9.7	16.6		60.8
Germán Correa	8.8	10.6		76.0
Pablo Rodríguez Grez	8.3	11.5		52.5
Pedro Ibáñez	7.8	18.0		62.7
René Abeliuk	7.4	13.4		73.3
Sergio Fernández	7.4	13.4		55.2
Federico Willoughby	6.9	13.4		61.8
Javier Leturia	6.0	14.7		66.4
Mario Papi	5.5	9.7		77.9
Jaime Tormo	5.1	14.3		76.5
Gastón Ureta	4.1	12.4		78.3

Key to Chart 1:

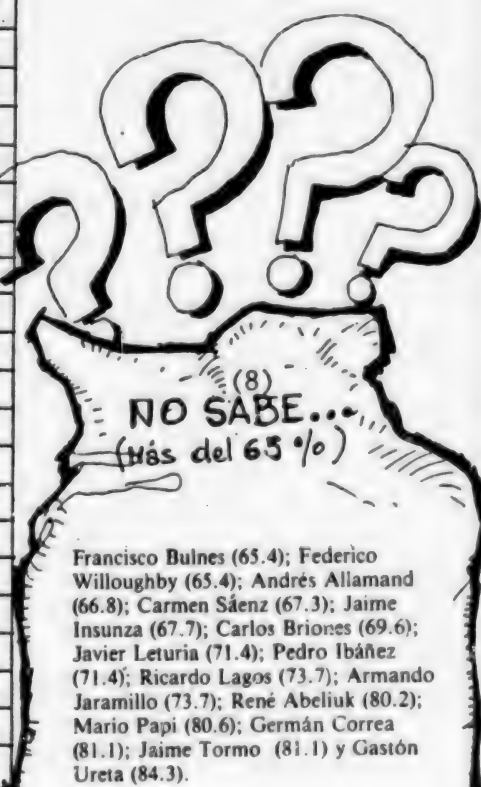
1. Favorable
2. Indifferent
3. Unfavorable
4. Don't know

To which political sector or conglomerate do you think these prominent persons belong?

Seguel, Jarpa, and Cuadra, in that order, proved to be the public figures whose political line is quite obvious to the ordinary citizen. The fact that the right continues to be identified with the government was more or less proven by the orientation that certain government backers are thought to have, but not right-wingers (as in the case of the two Durans, who are Radicals, or W. Thayer and Juan D. Carmona, both former DC's). The sample views the president of the Supreme Court, Rafael Retamal, both on the opposition and in the government: that is the "stigma" of the independents. Those polled who responded showed that they are relatively clear about the picture: No one identified Minister García or Pablo Rodríguez as members of UP [Popular Unity]. And despite the fact that a minimal portion of the sample included A. Pascal Allende, Clodomiro Almeyda, Luis Corvalán, or Rodolfo Seguel as adherents of the government, the majority knew their political stripe. In any case, the ignorance of the leaders' ideological orientation was very widespread. QUE PASA even put in a separate insert all the politicians who showed a percentage of "don't know, no answer" exceeding 65 percent.

(1) SECTOR POLITICO AL QUE PERTENECEN

	(2) AD	(3) MDP	(4) Ac. Nac.	(5) Gob.	(6) Derecha	UP (7)	No sabe
Rodolfo Seguel	44.7	9.2	10.1	2.3	2.8	11.5	19.4
Fco. Javier Cuadra	2.3	0.0	2.8	65.0	8.8	0.0	21.2
William Thayer	6.5	1.4	6.5	13.4	9.7	0.0	62.7
Gabriel Valdés	42.9	6.9	11.1	1.8	3.7	4.6	29.0
Ricardo García	2.3	2.8	0.9	37.3	5.5	0.0	51.2
Pablo Rodríguez G.	0.9	2.3	3.2	14.3	21.7	0.0	57.6
Andrés Zaldívar	44.2	7.4	6.5	1.8	5.1	4.1	30.9
Luis Corvalán	3.7	12.9	2.3	1.4	1.4	30.4	47.9
Bernardo Leighton	31.3	3.2	6.0	0.9	3.7	2.8	52.1
Radomiro Tomic	35.9	2.8	9.2	1.8	6.0	5.1	39.2
Domingo Durán	8.8	2.3	8.3	4.6	14.7	1.4	59.9
Jaime Guzmán	1.8	0.5	3.7	19.4	22.6	0.9	51.2
Rafael Retamal	6.0	1.4	10.1	11.5	10.1	0.0	60.8
Sergio O. Jarpa	5.5	0.9	2.3	34.6	35.5	0.9	20.3
Andrés Pascal A.	3.2	12.4	1.8	2.3	1.8	30.9	47.5
Clodomiro Almeyda	8.8	12.9	0.9	1.4	1.8	16.6	57.6
Enrique Silva C.	17.5	8.3	5.5	2.8	0.5	1.4	64.1
Julio Durán	5.5	2.3	6.5	4.6	18.0	1.4	61.8
Juan de D. Carmona	7.4	0.5	6.5	11.5	14.7	0.5	59.0
Sergio Fernández	1.8	1.4	0.9	24.9	9.2	0.9	60.8



Key to Chart 2:

1. Political sector to which they belong
2. Democratic Alliance
3. Popular Democratic Movement
4. National Action
5. Government
6. Right
7. Don't know
8. Don't know (over 65 percent)

Which political leader or public figure do you think has a greater future?

Of the list of 35 names, the person polled could cite three. It was not a matter of "voting" symbolically for the one that he liked best...but rather of indicating the three leaders who, in his opinion, have the best chances of representing Chileans within a few years. Again, the results speak for themselves. We show the 10 "leaders" with the highest number of points.

Rodolfo Seguel: 38.7 percent

Head of the National Workers Command and chairman of the National Confederation of Copper Workers. 32 years old.

At present, he is a militant in the DC ranks.

It was those under age 35 and, primarily, those polled from group D, who view this controversial union leader as having the best chances. Also, a not to be underestimated percentage of those over age 50 think that he could be "the name." Strangely enough, Seguel has the support of group ABC 1 (high-level) (Chart 1), but on this occasion it was the group which least believes that he has a future. Apparently, they acknowledge his courage, and appreciate all that he has done, but they do not envision him as a leader.

Gabriel Valdes: 30 percent

President of the Christian Democrats; 66 years old.

A sympathetic phenomenon occurred in the case of Valdes: first, those over age 50 were the political leader's greatest fans (question 1); but they are the ones who least named him as a leader with a future. In any event, the members of sectors C 2, C 3 and D (low-level) remained loyal. Not only did they come out more in favor of him, but they are also the ones who are confident that his will be "the name."

Francisco Javier Cuadra: 21.7 percent

Minister-Secretary General of Government; 31 years of age.

It was those under 35 years old and those in groups C 2 and C 3 (low-middle level) who most think that Cuadra has a political future in the country. Also, a high percentage of women...apparently, although the minister evokes

an unfavorable opinion, the same ones polled do not deny that he could be a potential leader...which converts him into an interesting figure.

Andres Zaldivar: 20.3 percent

Currently head of the Christian Democratic International; 50 years of age.

Zaldivar is viewed mainly as a leader with a future among the members of group ABC 1 (high-level). Those under 35 years old and over 50 also trust in his chances...and, in particular, the masculine sector of those polled do so. It is noteworthy that those most fond of the "little one" (question 1) are the members of groups C 2, C 3 and D (low-middle and low level), and individuals between ages 35 and 50.

Sergio Onofre Jarpa: 17.1 percent

He currently heads the National Labor Front; age 65.

It was the middle class (C 2, C 3) which most mentioned him as a possible leader in the future. Also, a high percentage of those under 35 years old think that he might be "the name." Oddly enough, it was also this sector of those polled which expressed the greatest indifference toward Jarpa, when asked their personal opinion (question 1).

Radomiro Tomic: 11.1 percent

Member of DC; 71 years old.

Those over age 50 were the ones who most believe that Tomic has a political future; also, those in groups C 2, C 3, and D. For information, we add that in question 1 he received a high degree of rejection from those polled in sector ABC 1, and among those over 50.

Jaime Guzman: 6.9 percent

Secretary general of the Independent Democratic Union; 39 years old.

The ABC 1 (high-level) group (which showed the highest percentage in question 1) is the one which most views him with a future; as do those under 50.

Rafael Retamal: 6.5 percent

President of the Supreme Court; an independent; aged 79.

For the most part, persons under 35 years old, the masculine sector of the sample, and group ABC (high-level) are confident of Retamal's political future.

Andres Allamand: 5.5 percent

Secretary general of the National Unity Movement; 30 years old.

It was those under age 50 and class ABC 1 (high-level) who most view him as a politician with influence.

Ricardo Garcia: 5.5 percent

Minister of interior; 55 years old.

He is regarded as a leader with a future among class D (low-level) and among those under age 35.

The following figures were also named, but by a rather small percentage: Domingo Duran, 4.6 percent; Carmen Saenz, Julio Duran, and Enrique Silva Cimma, 3.7 percent; Pedro Ibanez, Francisco Bulnes, and Sergio Fernandez, 2.8 percent; Jaime Insunza and Ricardo Lagos, 2.3 percent; Bernardo Leighton, Andres Pascal Allende, Clodomiro Almyeda, Mario Papi, and Carlos Briones, 1.8 percent; William Thayer, Pablo Rodriguez Grez, Luis Corvalan, Juan de Dios Carmona, Federico Willoughby, and German Correa, 1.4 percent; Javier Leturia, 0.9 percent; Jaime Tormo, 0.5 percent. Those who do not appear (and who were on the list) have little chance (at least for the present) of speaking on behalf of the "vast majority" (Armando Jaramillo, Gaston Ureta, and Rene Abeliuk).

Don't know, no answer: 16.1 percent.

For Meditation

The results are surprising; first, because they show that, in fact, there is no great natural political leader, and the one who appears leading the poll is not one: Rodolfo Seguel is a union leader who began his battle in labor affairs. At the most, by the same token, because he did not depart from that line for awhile, he is known, and has a more favorable margin. The politicians should meditate long on the selection of Zaldivar as second-ranking leader with the most influence, considering the fact that he has remained on the sidelines (or on a secondary level) in the potential contest. It is noted that he owes his influence to his international activity and his DC past. The same thing holds true of Radomiro Tomic. A future is seen for him if he is the last of the presidential candidates to remain active; although his clout within the DC ranks is not so great, and even though he lost his last electoral race.

What is a fact is that the names (whether they be from one party or another) sound more familiar than the parties themselves. As was noted in the poll published in QUE PASA's No 780, people know little about the various trends of opinion; but they do have more information, or at least they express their views more often about the leaders, although they do not clearly identify the latter's line. For example, Sergio Onofre Jarpa is recognized as a leader of the right, but he is not currently in the National Party, a group that has capitalized on his past "reputation" but whose leaders (such as Carmen Saenz) do not count for anything.

Also, in the case of Allamand, he is viewed as a man of the right, with a future as well...but he is not linked with his National Unity Movement, nor is he recognized as one of the adherents of the National Accord; something that is surprising, considering the fact that his group's support for that document was vital.

And on the left...those polled expressed a high percentage of rejection for that group (previous poll). Now, however, its leaders received a sizable amount of backing: for example, Luis Corvalan and Andres Pascal Allende himself.

What is the matter? one wonders. Can it be that so much talk, and so much alliance and non-alliance, are confusing? Are they tiring, disillusioning, or do they evoke apathy?

At least Seguel's selection as an undisputed leader offers much food for thought; perhaps demonstrating that more concrete proposals interest people.

And the great question arises: if, based on the results, one finds that little or nothing is known about the political parties and that their members are not identified...how much would the common, ordinary citizen understand about the principles that each trend of opinion upholds?

That is a doubt, a concern which we leave to the politicians: something on which to meditate.

Methodology

The public opinion poll was taken by ADIMARK during the first week of March 1986. The sample is of the probabilistic type, associated with persons over 18 years old, residing in Greater Santiago households. Both the households included in the sample and the specific person in each household who responded to the interview were selected by the aleatory (random) method, based upon internationally accepted systems for this type of study.

A sample error level was set at between 3.0 and 3.5 percent.

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CHILE

GENERAL VIAUX ON POLITICAL ATTITUDES, ARMED FORCES ROLE

Santiago ANALISIS in Spanish 8-14 Apr 86 pp 17-20

[Interview with Gen Roberto Viaux Marambio, by Pamela Jiles; date and location unspecified]

[Excerpts] "Leave the government for the good of Chile!" Gen Roberto Viaux Marambio told General Pinochet in an open letter "to my classmate," published recently.

General Viaux began to be known to the public in 1969, when he led the Tacna Regiment's "troop alert" under Eduardo Frei's government.

While he was being interviewed, one could hear the noise from demonstrations downtown, the sirens of the National Guard, the running of the demonstrators, and the firing of tear gas bombs. But General Viaux had a great deal to say, and answered all the questions.

[Question] What kind of a man is General Pinochet, in your opinion? How do you remember your classmate?

[Answer] Well, he was a hard-working man, very careful about everything that he said and did; a man who was very stubborn in his notions. And I don't seem to recall anything else.

[Question] Would you have imagined that he would become president, and commander in chief?

[Answer] No, I did not think personally, that he would attain those positions. The military career didn't end up with the presidency of the republic.

[Question] But you could now have an office in the Diego Portales building, or in some ministry or enterprise. Would you have liked that?

[Answer] I wouldn't have liked it. I value my independence in thinking, speaking, and acting too much.

[Question] To what do you attribute the fact that you have not been called upon to be a member of the Pinochet regime?

[Answer] You would have to ask General Pinochet.

[Question] How do you recall 11 September?

[Answer] A week earlier, on 11 September, I was in Paraguay. On Tuesday, 4 September, I left Chile under heavy guard, and the military coup occurred on 11 September. I was in the room of a residence listening to Chilean radio. I kept it turned on all the time. It was 0800 hours in the morning. Suddenly, the announcer said that something strange was happening, that one could see the movement of troops and tanks, and many soldiers. I thought: "A coup d'etat."

[Question] What did you think later?

[Answer] That I hoped the military coup would have good results; that there would be no victims; that the Armed Forces would start acting with the conviction that they must correct its directions and after a short period (that of a presidential term) again turn over the country to civilians, through free, secret, and informed elections.

The country's situation was chaotic; that could not continue; it was something that I had, moreover, anticipated.

[Question] You say that you had anticipated it....

[Answer] But unquestionably. When Mr Allende received the first relative majority. Since there was an agreement between the Christian Democrats and Mr Allende's backers to vote for him, we thought that a Marxist-Leninist dictatorship was going to be installed. Since I am opposed to any dictatorship, regardless of its origin, we thought that this had no future, that it could not have a good conclusion, and that a time would come when there would inevitably be a confrontation, and that Chile would be the one harmed. So, we gathered in a series of meetings with the highest-ranking Armed Forces and National Guard commanders. Representing the Navy, there was the admiral and commander in chief of the Navy, Hugo Tirado Barrios; for the Air Force, Gen Joaquin Garcia Suarez; for the Army, the general commander of the Santiago garrison and chief of the emergency zone, Camilo Valenzuela Godoy; and the general director of the National Guard, Vicente Huerta Celis. And I, who had been retired a year previous.

[Question] And whom did you assume that you were representing at those meetings?

[Answer] I asked them that same question. The answer was as follows: "Because if you are not here we think that the young officers and petty officers would fail us. So long as you are here, with the influence that you have, things will turn out well for us."

[Question] At what time were those meetings held?

[Answer] During 1970, after the elections and before the full Congress met to decide between the two leading majorities who would be president.

[Question] And why, concretely, did you meet?

[Answer] At these meetings, it was attempted to hold a military coup, with the Armed Forces' unity to undertake a military coup. A Military Junta was formed, headed by the commander in chief of the Navy, Admiral Tirado Barrios. The Junta would be in the government for 2 years, to bring about order in the country.

[Question] And what happened later?

[Answer] Unfortunately, they killed General Schneider, and with that everything collapsed.

[Question] What opinion did you have of General Schneider?

[Answer] A very good one...he was a very dedicated, proper, sound, scholarly professional; very honorable and proper.

[Question] But general, you were convicted of General Schneider's murder. You were the only one in uniform convicted of General Schneider's murder after a long investigation.

[Answer] Indirectly, it was true. That was a political trial; it seems that the one whom they feared was me.

Virtually all the others went free without any blame...all those who had been in active service, who had troop command. I did not have command over anyone. Let's say that Mr Allende bore me absolutely no good will.

[Question] In any event, you may recall that President Allende never interfered in the judicial branch. He could hardly have influenced the judicial branch.

[Answer] Gen Carlos Prats Gonzalez was in the Army; he had been sending reports to those of us who were in that military conspiracy to carry out that military coup. And since this did not occur, and he assumed responsibility for Schneider's death; Carlos Prats assumed it, and we both had an old quarrel, which comes to light in his "Memoirs." Then, the entire weight of the evidence was against me.

[Question] I insist, neither General Prats nor President Allende had any interference in the judicial branch.

[Answer] The civilian judicial branch was not acting there, it was the military justice system. The prosecutor was Mr Lyon, who is now adviser to the president of the republic and the Government Junta. He took statements and

they made photocopies right there, which were distributed: one to the interior minister, another to the commander in chief of the Army, General Prats, and another to Investigations...What kind of secrecy is that in the trial? Furthermore, it was attempted to prompt those questioned to say what the interrogator wanted.

[Question] There is a report from the U.S. Senate which cites a very large sum of money for backing a military coup in Chile.

[Answer] I am not familiar with that report. It may perhaps have been to destabilize Mr Allende's government, in the civilian area; to create the climate necessary for military intervention. It may be, but I have no record; so, I could not express an opinion.

[Question] What do you think of the participation of uniformed personnel in crimes, torture, and murders committed against Chileans?

[Answer] I would not tolerate them; I am absolutely opposed to all that. Torture is cowardice. The agencies responsible for prosecuting political crimes should be civilian, and not those of the Armed Forces. The Armed Forces do not exist for that; our profession has a very different purpose. The Armed Forces should not for any reason join an organization engaged in repressing political thought.

[Question] You say in your letter that Chile could find a democratic path "without vengeance." Does this mean that you are not in favor of judging those responsible for human rights violations?

[Answer] I believe that, in the first place, there must be truth. Then the penalty would come, in a pertinent case. And the penalty should not be humiliating for the individual, but rather fitting. If not, new hatreds are created, and it will never end.

[Question] And what would the "fitting" penalty for a murderer or torturer be?

[Answer] It would have to be studied with the criminal jurists in the country, of whom we have plenty, and with the judges and the judicial branch.

[Question] General, if you had been in active service, would you have participated in the 1973 military coup?

[Answer] Unquestionably, unquestionably; but for different purposes.

[Question] What disillusioned you?

[Answer] The fact that it turned into a personal government. At the outset, it was claimed that the presidency would be rotating, a year for each of the commanders in chief. Later, it went into General Pinochet's hands alone. Viewing that from my banishment, and watching the country experience a constant

state of emergency, I thought that this might end very badly; that this policy had a pernicious effect, and results contrary to those which were being sought; that the positions would become radicalized, and might lead us into a civil war.

Besides, during a visit that General Pinochet paid to Paraguay at the invitation of that nation's president, in May 1974, I had a rather long conversation with him, lasting nearly 2 hours, closed up in a room with General Pinochet. And then he told me (and he was emphatic in claiming it) that his model was General Franco, the generalissimo of Spain, and that he intended to follow in General Franco's footsteps; in other words, die of old age serving as president of Chile.

[Question] And what else did General Pinochet tell you during that 2-hour conversation?

[Answer] He discussed many things. Speaking about me personally, he told me that he could not grant me amnesty because he had promised the president of the Supreme Court that he would not change any decision of that authority, to show the respect that he had for the justice system and for the independence of the judicial branch. At the same time, my classmate was ordering amnesty and pardon for several persons.

[Question] What do you think was his reason for not pardoning you?

[Answer] I have my ideas about that, but I prefer to keep them private.

[Question] Do you think that it was due to the fact that you might have represented an alternate element for leadership?

[Answer] It is possible.

[Question] Didn't you remind Pinochet that he had not kept his previous promise?

[Answer] Yes, I wrote him a letter. He answered me some time later, sending me a very full envelope containing a group of copies of the memoranda whereby he had amnestied or pardoned various individuals. A very strange letter, in which he told me: "As you can understand, my way of thinking is still exactly the same." Up until now, I have failed to understand what he meant.

Another thing is that, in the talk that we had in Paraguay, General Pinochet asked me how I was faring economically. I told him that I was doing fairly... poorly. He told me: "I ordered that you be offered a job as head of an office here." It was an office of a Chilean state enterprise, through the United States representative in Paraguay. I replied that I thanked him very much, but could not accept, because the other individuals who had been convicted in that trial had not been assisted by him in any way; and that I had to retain my loyalty toward the subordinates (as I have always done) who had taken action, or toward others who had taken action, whom no one had helped.

[Question] Do you think that, nowadays, your thinking represents any active sector within the Armed Forces? Is your thinking isolated, or is it shared by sectors of the Armed Forces?

[Answer] I could not tell you for certain how much unity of thinking there is, because I have not talked with Armed Forces personnel in active service, so as not to create uncomfortable positions for them, even possibly the loss of their careers; and also so as not to interfere with the vertical nature of the command. But yes, through third persons, one learns what is going on (...). I think that there are many people who agree with my way of thinking, despite the fact that they cannot say so.

[Question] Do you believe in the Armed Forces' monolithic unity around their commander in chief?

[Answer] It always exists...until it is broken.

[Question] What is the significance of General Benavides' departure from the Junta, Admiral Merino's dissidence regarding the Constitution, and positions such as those of General Danus, at Punta Arenas? Are they signs of more serious differences within the Armed Forces?

[Answer] The Armed Forces' unity doesn't mean that there are no different ways of thinking...no one could ban that. Differences do exist within the Junta, according to the public statements of some of its members.

[Question] What type of differences?

[Answer] I think that one of the major points is the continuity in the command of the country after 1989. I think that there are some within the Armed Forces who think that this must be changed, that a single person cannot be perpetuated in power; at least, to have a change of hands.

[Question] How would you describe the present relations between the Armed Forces and civilians?

[Answer] Unfortunately, I view those relations as quite strained. I only observe the Armed Forces appearing as troops occupying their own nation, as enemies and adversaries. It is an inconsistency, an atrocity. That should never have occurred.

[Question] You say in your letter that this is a personalist government, and that the Armed Forces have been dragged along, thereby besmirching their reputation. In your view, what is the Armed Forces' responsibility in this process?

[Answer] The vertical nature of the command and discipline enter into this. One is accustomed to obeying the commander in chief. (...) What is happening now, which never happened before, is that the commander in chief of the Army

is simultaneously president of the republic, which is the highest political office in the country. This has caused the Army to become involved in politics, with all their upper echelons and those supporting them.

[Question] General Canessa recently claimed that "the Armed Forces have never been politicized; that has not happened to date, nor will it happen," as he declared.

[Answer] I have great esteem for General Canessa, who was my student at the Military School, but I believe that the high command currently has positions and obligations of a political type; they obviously have to engage in politics.

[Question] Doesn't it seem to you that there is a responsibility for every officer, apart from that borne by the commander in chief, of course?

[Answer] Yes, they are carrying out an assignment, an order from the president of the republic and the commander in chief.

[Question] But, wouldn't it be the first time in the history of Chile, and you are well aware of it, that a high-ranking officer refused to obey an order?

[Answer] Correct; up until now, it has not happened.

[Question] General, in your letter you warn of the danger that the people might rise up in arms, or that a general in active service might rebel. Do you regard that as a real possibility?

[Answer] Those are musings or imaginings. It is not likely, but it is possible. We have a very extensive coastline and a very long border; hence, it is easy to bring in weapons. At the time of Popular Unity, weapons were brought in contained in sugar bags to arm the militias for fighting the Armed Forces. Now, having a general engage in armed rebellion has occurred in Haiti, it has occurred in the Philippines. But these are musings. It is an example that I cited in order to make my classmate think.

[Question] Pursuing this train of thought regarding hypothetical possibilities, do you think that there is a possibility that there are some in the Chilean Armed Forces who might rebel against the commander in chief?

[Answer] I have no contact with personnel in active service. I could hardly tell you whether or not there are any possibilities. In any event, if I knew I wouldn't tell you either.

[Question] In your view, when is a military uprising legitimate?

[Answer] There are but few instances. When a command is illegitimate; when a command is corrupt; when a command is amoral; when a command really ceases to be a command.

[Question] Don't you think that the Pinochet regime is illegitimate, amoral, and corrupt?

[Answer] I don't have the background information on the case in my possession to be able to make that assertion. I cannot answer your question.

[Question] And when the nation's interests run counter to those of the commander in chief, is an uprising legitimate?

[Answer] Unquestionably; but in such instances one must act very carefully, because it must be well discerned what the nation's interests really are.

[Question] In your opinion, what are the nation's interests at present?

[Answer] The nation's interests are the interests of all the people, interests relating to life, progress, and development for our people.

[Question] From reading your letter, can one infer that the nation's interests at present run counter to those of the commander in chief?

[Answer] We are heading in that direction; hence my letter, so that it will not occur. If the situation in which we are living should continue, it would unquestionably run counter to the nation's interests. It would mean a civil war or a dictatorship of a different type, at the other extreme. It would entail greater evils: occupation by other countries, or intervention by them.

[Question] And you, General, what do you fear most: Pinochet's perpetuation in power or what you term a dictatorship of an opposite type?

[Answer] I have no fear. I do fear for Chile, with both possibilities.

[Question] But would you be especially fearful of one?

[Answer] Because of its consequences for the country's existence, I think that I would fear a government of an opposite type more.

[Question] In other words, faced with the dilemma of Pinochet's perpetuation in power or a leftist government, you would keep Pinochet in power until the candles stop burning?

[Answer] In the first place, I have been referring to an extreme leftist government and not to a leftist one. In General Pinochet's government, I don't think that "the candles will be burning" for long. General Pinochet in the government is precisely what will lead to a different one.

[Question] In your letter, you charge General Pinochet with being "the one to blame," and as "the obstacle" to overcoming this crisis. Do you think that the time has come to remove that obstacle?

[Answer] If he should continue with the policy that he has carried out, I think so. Because if that obstacle is not removed, then we shall inevitably succumb to something worse.

[Question] Who should remove the obstacle, and how?

[Answer] First of all, he himself should reconsider, which is what I ardently desire; he should turn over the government to someone who will give extensive guarantees to the Armed Forces and to civilians, so as to lead the country into a period of real transition, and towards its normalization within a short time.

[Question] Do you sincerely believe that by invoking General Pinochet's "patriotic sentiments," as you do in your letter, you would prompt him to leave the government?

[Answer] It would be difficult; but, in any event, the worst effort is the one that is not made.

[Question] You say in your letter to Pinochet, "Leave the government for the good of Chile." What would you request of the officers?

[Answer] What a question you are asking me! I would ask the officers to think, to meditate, and not to forget that their oath, taken before the Chilean flag, is to the nation, to what is permanent. They are in the service of the nation, not of one person. It is an enormous responsibility for each one of them. I would tell them never to become divided, and always to remain united; and that they should never lose their good sense, the spirit of sacrifice, and their love for their people and for their nation.

[Question] And what do you propose if General Pinochet does not resign?

[Answer] The Armed Forces will know that to do; they have the major responsibility; and with them, the people of Chile. I have no command, nor do I belong to any political party.

[Question] What do those in uniform think of the country's situation at present?

[Answer] I have no contact with those in uniform; but I know that they are deeply disturbed. I have learned this through third persons, friends.

[Question] Are there economic problems within the Armed Forces?

[Answer] You see, it would appear that if there were any, they would be among the intermediate and lower ranks. Those would be the problems of an economic type.

[Question] And what other problem do those in uniform have?

[Answer] Well, the problem that, ordinarily, they cannot go about in uniform, because they could be the victims of insults or physical attacks at any time. Our uniform has always been a cause for pride and honor among those wearing it. Now, they refrain from wearing it precisely because it is dangerous. There is a moral issue burdening them.

[Question] General, tell us one thing. Would you have liked to occupy General Pinochet's place in the 1973 coup d'etat?

[Answer] A soldier must be prepared for anything at any time. I personally have no ambition other than that my native land be better every day; because if so, my children and my descendants will be better also. All my life, I have worked attempting to serve others, and my actions have always been in that direction. Many civilians are aware of that. There are some who claim that the greatest joy, which only the Supreme Maker has, is that of giving. It is the only thing that can lend total, infinite shape. And when a human being gives, he is attempting to become a little like the Supreme Being.

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CHILE

BISHOPS' VARIED STANCE ON POLITICAL ISSUES NOTED

Santiago APSI in Spanish 21 Apr 86 pp 8-10

[Article by Pablo Azocar and Paz Egana: "The Intricate Mazes of the Hierarchy"]

[Text] This business of getting to the bottom of what is going on inside the Chilean Catholic Church is complicated. One runs up against opinions and outlooks on everything. Among the bishops alone, the gamut is enormous, changing, and intricate.

There are extroverted bishops; there are silent bishops; there are "right-leaning" bishops; there are "left-leaning" bishops; there are confused bishops; there are calm bishops; there are discouraged bishops; there are anxious bishops; there are indifferent bishops; there are shocked bishops.

It is not easy to start making precise statements. When the phenomenon is viewed from outside, or from a merely political standpoint, one runs the risk of labeling, or caricaturing. But, what is going on at present among the Chilean hierarchy, beyond the public acts and statements? To find out, APSI talked "off the record" with about 15 of the high-ranking members of the Church, ranging from bishops to laity. This is (in brief) the result.

The decisive agency for gauging the tendencies inside the Church is the Bishops Conference, which coordinates the prelates' action and prepares the bishops' documents on the national level. During recent years, different situations have been experienced there. Naturally, conflicts and tension have not been far removed.

In December 1983, shortly after Juan Francisco Fresno replaced Raul Silva Henriquez as archbishop of Santiago, there occurred what might be regarded as a "realignment" of the bishops, following the elections held to make appointments to the leadership posts in the Bishops Conference.

In both the voting for the presidency and for the position of executive secretary, on that occasion there was a surprising result: 14 to 14. Ultimately, those elected (Bernardino Pinera for president, and Sergio Contreras for executive secretary) were named for reasons of rank or seniority, which is the officially prescribed method for deciding when a tie occurs.

From what has been disclosed, the two "blocs" (if the expression fits) were comprised thusly. In one: Ramon Salas (Arica); Juan Bautista Herrada (Calama); Fernando Ariztia (Copiapo); Manuel Camilo Vial (San Felipe); Jorge Hourton (Santiago); Carlos Gonzalez (Talca); Carlos Camus (Linares); Alberto Jara (Chillan); Jose Manuel Santos (Concepcion); Sergio Contreras (Temuco); Alejandro Jimenez (Valdivia); Juan Luis Ysern (Ancud); and Tomas Gonzalez (Punta Arenas).

And, in the other: Jose del Carmen Ovalle (Iquique); Carlos Oviedo (Antofagasta); Bernardino Pinera (La Serena); Polidoro Val Vlierberger (Illapel); Francisco de Broja Valenzuela (Valparaiso); Juan Francisco Fresno (Santiago); Sergio Valech (Santiago); Alejandro Duran (Rancagua); Orozimbo Fuenzalida (Los Angeles); Sixto Parzinger (Araucania); Miguel Caviades (Osorno); Eladio Vicuna (Puerto Montt); Bernardo Cazzaro (Aysen); and Joaquin Matte (Military Vicariate).

The controversial tie (which showed one group that was "more progressive" and another "more conservative") did not take long becoming such. First, because there were appointments of new bishops from the Holy See. Javier Prado assumed the position in Iquique instead of Jose del Carmen Valle (July 1984); Patricio Infante was named auxiliary bishop of Santiago (August 1984); Jorge Medina was named auxiliary bishop of Rancagua (January 1985); Francisco Jose Cox was named auxiliary bishop of La Serena (March 1985); and Pablo Lizama was named auxiliary bishop of Illapel (January 1985).

One source notes: "The Vatican's effort to neutralize is obvious." For example, during 1983, two bishops with a 'conservative' tendency (Patricio Infante and, in particular, Joaquin Matte) had been named; and of the last five bishops appointed, three are also clearly associated with that line (Infante, Cox, and Medina.

But there is a second even more important factor: the bishops' positions are relative. "It is unquestionable that there are more progressive bishops and others who are more conservative, just as there are some who sympathize (to say the least) with the government, and others who find it ill-fated. But, in general, their positions, which are of a moral rather than ideological nature, are capable of changing, depending on how they live and undergo their experience. In many instances, their attitudes are affected by the problems that they have undergone personally in their bishop's office. It must be remembered that, although there are some intellectuals among them, not all bishops are fully informed men, and their positions will change honestly, in accordance with the information reaching them and what they comprehend."

According to different sources, this is what often makes it difficult to rate a bishop in terms of support or rejection for the regime. Some bishops considered to be "conservatives" (such as Prado, Oviedo, and Valenzuela) have at times acted resolutely against the authorities in violations of human rights. One source adds: "There is also a very great consensus among the bishops on basic issues. For example, on the need to return to democracy, which is unanimous. Also the fact that human rights are not negotiable, as well as the defense of the poor and the workers."

Those who uphold this argument cite the latest pastoral guidance ("Church, Servant of Life") as a clearcut document in this regard ("and one of the most important in recent years"). Therein, among other things, the bishops say: "In any of our cities, one need only go out on the street to observe the increase in brothers forced to beg for bread (...). Upon visiting the countryside or entering small towns, we sense the outcry of the unemployed. The hospitals do not have enough to provide the necessary care. And the housing shortage has reached an alarming number." It later added: "Poverty is not caused by itself; it is not an inevitable event in history. There are attitudes and policies which cause or ease it (...). In Chile, poverty has increased largely because of the implementation of a liberal-individualist economic model" (the underlining is the bishops').

Medina Writes to the Vatican

In any event, this statement was made at the controversial plenary assembly last December, at which the tensions among the bishops reached the highest point in recent years, although not the "breaking point" mentioned by some. It was what (according to the sources) caused the bishops not to submit on that occasion a document on the matters concerning the Church and its view of the country (although they are not obliged to do so), nor the traditional Christmas message.

On the other hand, the board of directors of the Standing Committee was replaced (which happens every 2 years), whereby, in the judgment of all analysts, there resulted an obvious "right-leaning" of the bishops: Pinera was reelected chairman; in the vice chairmanship, Oviedo replaced Santos; and as a member of the board, Francisco Valenzuela replaced Tomas Gonzalez. Fresno and Contreras remained in their positions: they did not need to be reelected.

According to various sources, Bishops Fresno, Santos, Pinera, and Carlos Gonzalez have a decisive influence on the present bishops' assembly ("they are something like chieftains"); and Bishops Cox, Medina, Tomas Gonzalez, Fuenzalida, and Alejandro Jimenez participate actively in the discussion with their different positions. One source remarks: "Although Jorge Medina does so, rather, through letters to the Vatican. He is a man with enormous influence on the Holy See. It must be considered that he was named bishop even in contradiction to the opinion of the majority of Chilean bishops. He is perhaps the only Chilean bishop who has direct access to the Vatican, without going through the Nuncio's Office."

The sources claim that the decisive influence that Juan Francisco Fresno has at present is normal ("it befits him as cardinal and archbishop of the main diocese in the country"). One comments: "It must be understood that Don Pancho did not want to be archbishop of Santiago; he did everything possible to avoid it. He was far more comfortable in his bishopric in La Serena. He is not a man with 'political' vision: he is, primarily, a pastor. For that reason, he has taken on this task by making an enormous effort and, above all, taking advice. This had not precluded initiatives such as the National Accord from emerging out of totally personal concerns."

According to different sources, Fresno's advisers seem decisive for an understanding of the current tendencies in the Chilean Church. Four sources agreed that, "It would appear that the one who has been his right-hand man, Sergio Valech, has lost influence on him, and now influences no one but Cristian Precht. There are two individuals who are now proving decisive in Fresno's opinions: the priest, Renato Poblete, a Jesuit intellectual, and the layman, Jose Zavala, in that order."

'Balanced, Not a Balancer'

The sources agree that, to understand the Bishops Conference, there is currently another decisive man: the chairman of the Standing Committee, Bernardino Pinera. At the last plenary assembly, 2 weeks ago, the statement issued at its conclusion (which requests a revision of the Political Constitution of '80) belonged to a draft of his. On that occasion, several drafts were used, which were discussed. One of those not approved (which had been backed by several bishops) concretely proposed Pinochet's resignation.

One source explains Pinera's decisive influence thusly: "He has conducted himself in the chairmanship skillfully. He is known primarily as a bishop of consensus. He is a man willing to attempt having everyone converse with everyone. Rather than a stance, what he has is a proposal: dialogue. He even said so recently in a newspaper: it is necessary to talk with the Communists and with everyone. The extent of his influence may be gauged from a recent event: it was not fitting, nor was in among the priorities, but, thanks to his negotiation, when the Pope arrives, he will visit La Serena.

One of the most troublesome issues at the last assembly was precisely the matter of the Political Constitution. One of the draft statements even gave a reminder of the five requirements put forth by the Church before the plebiscite, which were not met. "Nevertheless," one source remarks, "the bishops never said that those requirements had not been met. They were either unwilling or unable to take that political burden upon themselves. Not until now, 6 years later, after intense discussions, have they taken up the matter again. And the statement issued was considerably more moderate than what some bishops were proposing, in keeping with Pinera's 'consensual' position."

Another innovation at the assembly was the inclusion of the new bishop, Pablo Lizama, who, for that reason, was selected to officiate at one of the Eucharists. "I have come here to learn," he said in his homily. "I am grateful for my stay in the seminary for one reason: that of being balanced. I hope that you will help me and teach me to be balanced. But be careful to understand: balanced, not a balancer."

Quiet Diplomacy

After the "right leaning" of last December, many were shocked by the last statement from the bishops because of the fact that it calls for the revision of the Constitution ("however bad it may be, it is the support whereby the government is protected"). Just as there are bishops to whom it seemed the

least that could be said ("at the present time, with the dreadful crisis that the country is experiencing, with increasing polarization and violence, the least we can do to ease the anxiety is to raise our voice, before it's too late"), there are others who did not appear very satisfied: they are, rather, advocates of a "quiet diplomacy." One comments: "Far more important than any statement is the effort to convince and to hold dialogue that we are making. That was made clear with the National Accord, which, if it had been taken to the government before releasing it to the press, would have accrued much better results."

What seems clear, for the present, is that the public statements do not say much about the essential tendencies that exist among the bishops, but rather tell about the specific results during the course of an assembly. For example, at the last plenary session, the statement might not have emerged (which was about to happen), and that would not change the present tendencies.

And among those tendencies (remarks a high-ranking Church source), the tragedy that the Chilean Church is undergoing today is that nothing is being staked inside it. This is what has caused discouragement among many bishops, to the point where some almost opt to confine themselves to the work in their dioceses. The current Church is one overly concerned about defending its own stance, rather than looking to the Catholic people. This has prompted it to assume a defensive attitude, being careful about everything, with its bishops not talking very much; in short, with the low-income Catholic communities not "becoming radicalized."

Several of the sources queried expressed concern over the present situation of the Nuncio's Office ("the nuncio, who completed his term some time ago, and who nevertheless is still being confirmed by the Vatican, is a man with considerable power at present; his authority is currently almost the same as that of a bishop"); and they all agreed that the arrival of the Pope is by no means a "political gift" for the government: "On the contrary, although that is not the purpose of his coming, it is a problem for Pinochet."

Meanwhile, a Diagnos poll (taken between 5 and 7 April in 16 communities of Greater Santiago) showed that 7.5 percent of those polled were "very much in agreement" with Cardinal Fresno's action toward the government: 38.7 percent said that they "agreed," 22.2 percent expressed "disagreement," and 9.3 percent claimed to be "very much in disagreement."

2909

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COLOMBIA

DE SOTO VIEWS TERRORISM, ARMS RACE, APARTHEID AT NAM MEETING

Bogota EL ESPECTADOR in Spanish 17 Apr 86 p 3

[Text] On 16 April, speaking before the ministerial meeting of the Coordinating Bureau of the Non Aligned Movement [NAM], the Colombian representative stated that, "Free trade is nothing more than a dream which is written into economic treaties and in the list of conditions which the multilateral financial organisations impose on the developing countries."

In a speech loaded with hidden attacks on the great powers, Guillermo Fernandez de Soto, Colombian deputy minister of external relations, asked at the meeting held in New Delhi (India) that the non aligned movement should demand the withdrawal of all foreign troops from wherever they are found.

He stated: "How many evil developments have occurred since the last previous ministerial meeting in Angola. All signs seem to indicate that 6 months later everything has gotten worse. Peace seems ever more fragile. The flames of so many hot spots throughout the world are leaping up. The struggle is worsening in the Middle East, Kampuchea, Afghanistan, and, of course, in Central America."

Fernandez de Soto also condemned terrorism and recalled the way in which Colombia has fought in international forums for the adoption of special measures against that scourge.

Arms Race Continues

The vice minister denounced the fact that "the arms race continues without a letup and, as if so many missiles did not already cover the earth, now they want to occupy space to surround the world from there. Whereas previously we used to believe that heaven was above us, now we can be sure that what is above us is death."

He stated: "Colombia calls once again for a frank and sincere attitude from the super powers regarding conversations on disarmament. We only see a slow pace and caution in the meetings at Geneva, which have not resulted in any drastic reduction in military budgets and nuclear arsenals, which threaten to sweep the human race from the face of the earth."

Fernandez de Soto also criticized the system of apartheid, which he called a "standing shame."

The deputy minister reviewed before the Coordinating Bureau of the Non Aligned Movement the encouraging efforts being made by the Contadora group in Central America and concluded that "we have thus reached a crucial and perhaps decisive point in time. After patient and difficult work over a period of 40 months, we believe that we have completed our mission. Now it is up to the Central American nations. It is for them to say what this undertaking involving a great political decision should mean."

He stated that the developing countries continue to lose the battle against poverty. Many of them already have reached levels of poverty and prostration and have had to bear all kinds of calamities. Hunger and the advancing surge of deserts have devastated broad regions in Africa, swallowing up entire villages.

Protectionism

Another phenomenon which obstructs the course of development is protectionism, Fernandez de Soto declared. He noted that "soon the new round of GATT negotiations will begin, to which we have given our support, on condition that the countries involved keep very much in mind, in specific terms and on a priority basis, the products of the developing countries."

Baker Plan Overtaken by Events

He said that "recently we have seen some positive signs which make us think that at least there has been a change of mind in the way in which the problem is perceived. Perhaps our calls for action have been heard, to some extent. This is the case with the Baker Plan, whose good intentions we must at least recognize, although it has already been overtaken by events such as the fall in the price of petroleum in heavily indebted countries."

The Colombian representative reiterated his country's defense of the geostationary orbit concept and its peaceful use for the good of all of humanity, as well as the need for this finite resource to be juridically regulated so that the countries of the Third World can make effective use of their rights in the positioning of geostationary satellites.

5170

CSO: 3348/597

COLOMBIA

BANKS SHOW FIRST QUARTER LOSSES EXCEEDING 5 BILLION PESOS

Bogota EL ESPECTADOR in Spanish 6 May 86 pp 1-A, 11-A

[Text] During the first 90 days of 1986 alone, 12 banks, including the three institutions taken over by the Financial Institutions Guaranty Fund, recorded losses of more than 5 billion pesos.

On an overall basis the tendency in the banks is similar to that reported at the close of the past fiscal year, although there were improvements in the cases of the Banco de Colombia, the Banco del Comercio, and the Banco de Bogota, among the larger banks.

Regarding the known situation affecting 17 banks, five had profits of more than 1.2 billion pesos, including those which made the largest profits in 1985: the Banco del Occidente, the Banco Industrial Colombiano, and the Banco Comercial Antioqueno.

The Banco de Colombia, which recorded losses of 64,777,000,000 pesos in 1985 alone, saw a change in its negative balance. In the first 3 months of 1986 it recorded losses of 2,773,000,000 pesos.

The Banco de Tequendama, another of the banks taken over by the official sector of the industry, lost 331 million pesos during the first quarter of 1986, while the Banco de los Trabajadores, which had a deficit of 730.2 million pesos in 1985, went 174 million pesos into the red during the first 90 days of 1986.

Two banks recently taken over by foreign interests also failed to make a profit during the first quarter of 1986. The Banco Real, controlled by the Banco Real del Brasil, lost 29 million pesos in the first 3 months of the year, and the Banco Colombiano-Americano, which has a partnership arrangement with the Bank of America, lost 20 million pesos.

The Banco de Caldas, which was saved from the consequences of the financial crisis of 1982 and became involved in another, similar rescue operation for the coffee planters and which lost 880 million pesos in 1985, had a deficit of 464 million pesos in the first quarter of 1986.

The Banco Santander, which belongs to the Santodomingo Group and which had a negative balance of 368.2 million pesos on 31 December 1985, continued to

suffer losses, but on a lesser scale, amounting to 80 million pesos during the first quarter of 1986.

The Banco Colpatria y de la Costa recorded losses of 79 million pesos during the first quarter of 1986, while the Banco Extebandes, which operates in the countries covered by the Grupo Andino and Spain, had a deficit of 41 million pesos at the end of March 1986.

The Banco del Comercio, which is going through a recovery phase under the supervision of the Office of the Superintendent of Banking and the Banco de la Republica, reduced its tendency toward losses, which amounted to 879 million pesos during the last quarter of 1985, compared to 790 million pesos during the first quarter of 1986.

Two banks in the official sector were among those banks which lost money during the first quarter of 1986: the Banco Ganadero, which made a profit of 269.6 million pesos in 1985, lost 113 million pesos in the first 3 months of 1986; and the Banco Cafetero, which lost 152 million pesos during the first quarter.

Banks Making a Profit

The Banco de Credito y Comercio (formerly the Banco Mercantil), which was totally taken over by the Bank of Credit and Commerce International, with Arab and Pakistani capital, made a profit of 107 million pesos during the first quarter of 1986.

The Banco Comercial Antioqueno, with consolidated profits of 1,314,000,000 pesos in 1985, had a positive balance of 292 million pesos during the first 3 months of 1986. The Banco del Occidente (profits of 1,604,000,000 pesos in 1985) made profits of 447 million pesos during the first quarter of 1986.

The Banco Industrial Colombiano (BIC), which made a profit of 719.6 million pesos in 1985, had profits of 283 million during the first quarter of 1986, while the Banco de Bogota, which lost 876.1 million pesos in 1985, recovered during the first 3 months of 1986 and made a profit of 101 million pesos.

5170

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COLOMBIA

APRIL COST OF LIVING RISES 2.73 PERCENT

Bogota EL ESPECTADOR in Spanish 6 May 86 p 3 (Bogota Section)

[Text] The cost of living for Colombians increased by 2.73 percent during the month of April, by comparison with March 1986, when the increase amounted to 2.21 percent. The increase reflected the impact of higher food prices.

Mauricio Ferro Calvo, the director of the National Administrative Department of Statistics [DANE], pointed out that inflation so far this year has been 11.72 percent. He stated that the prospects continue to be that the cost of living will rise by about 22 percent during 1986.

The official declared that food products were the principal items in the increase, going up by 4.13 percent, while in the miscellaneous category, which showed a rising trend in prices at the beginning of 1986, the increase amounted to 0.9 percent.

He stated: "In housing, there was an increase of 1 percent and in clothing there was a rise of 1.66 percent. The cumulative index of inflation since the beginning of January gives us a total inflation rate of 11.72 percent. For the 12 month period between April 1985 and April 1986, the inflation rate was about 22.54 percent."

Ferro Calvo noted that the city which showed the greatest increase in the Index of Consumer Prices (IPC) was Bucaramanga, which showed a rise of 3.2 percent, followed by Barranquilla, with an increase of 3.0 percent.

The city of Pasto showed no increase in the prices of articles of basic consumption, but in earlier months it had shown an alarming, rising trend in prices.

The IPC measures price changes in a given month for articles which make up the family market basket, compared with the prices of those same items during the previous month.

In turn the family market basket is made up of an average of 232 articles, classified under the headings of food, housing, clothing, and a miscellaneous category. It is calculated on the basis of surveys made by the Department of Statistics on family income and expenditures.

Regarding the prices of the various items in the IPC, the director of DANE indicated that the item which increased the most was potatoes, which reflected an increase of 13 percent, which he called normal.

Other popular consumption articles whose prices also increased included brown sugar, up 9.7 percent; white sugar, up 2.0 percent; chickens, up 4.0 percent; and boned beef, 3.0 percent.

Additional products whose prices also rose included onions, plantains, and oranges.

The director of the Department of Statistics said: "Among other groups of articles those which went up the most in the clothing sector were shoes for both men and women, at a rate of 7 percent, and fabrics, which rose by 7.5 percent."

Ferro Calvo declared that if we take into account the inflation which occurred over the past 12 months, we have an increase in the cost of living of about 22 percent. If the controls on food prices are continued, the same tendencies will be reflected.

In the same way he pointed to the impact of the measures being taken to increase production in the countryside and to avoid an increase in the money supply as a consequence of increased prices for coffee.

5170

CSO: 3348/597

COLOMBIA

APRIL OIL PRODUCTION SETS NEW RECORD

Bogota EL ESPECTADOR in Spanish 10 May 86 pp 1A, 10-A

[Article by Ricardo Luna Cano]

[Text] During the month of April 1986 Colombian production of crude oil reached an average of 268,968 barrels per day, which is the highest achieved in this country since its entry into the petroleum world at the beginning of the 20th century.

At the same time there has been a noticeable increase in the share of the Colombian Petroleum Company [Ecopetrol] in the various forms of petroleum production. In April it produced 55 percent of total Colombian output.

The country is increasingly benefiting from its status as the owner of large reserves of petroleum. It should be recalled that, until 1975, most Colombian petroleum resources had been discovered under the concession scheme, which only brought back to the country a percentage of its fuel wealth ranging between 3 and 15 percent, and this was consigned in the form of royalties.

As we know, since the end of the 1970's, there have been three kinds of arrangements under which petroleum has been produced in Colombia: concessions, joint ventures with foreign oil companies, and what Ecopetrol produces directly.

Ecopetrol

The Colombian Petroleum Company operates the Bogota, Condor, El Centro, Norte, and Sur fields, of which the most important at present is the El Centro field. Figures on output from this field includes production from the El Condor field. The El Centro and El Condor fields presently bring in about 60 percent of the direct production by Ecopetrol.

The state company, which in 1965 produced 39 percent of total Colombian petroleum output, now produces 55 percent of the total, taking into account its participation in joint ventures.

Contract of Association

The contract of association is at present the mechanism through which most of the crude oil is produced from the Colombian subsoil. Its role in total Colombian production has been growing at an accelerating rate over time and now amounts to almost 50 percent of overall output.

The association concept was enacted into law in 1969, when the government was empowered to declare any area of Colombian territory a "National Reserve" and to turn it over to Ecopetrol to explore, exploit, and administer directly or in association with public and private capital, either Colombian or foreign.

Under this system of exploitation the country obtained 60 percent of total production. A contract of this type is valid for 6 years in the exploration phase and 20 years in the exploitation phase.

The contracts have continued to reflect the same rules of the game, and Alfredo Carvajal Sinisterra, the president of Ecopetrol, has declared that they will be kept this way as long as the associated companies continue to obtain successful results.

It was then turned into a model and followed by other countries which do not have enough capital resources to make investments in industries like the petroleum industry, which involve high risks. In Colombia it has been successful, and we cannot ignore the fact that foreign oil companies have played their part by increasing their efforts.

At present there are 86 contracts of association in effect, signed by Ecopetrol and 53 foreign companies. Of these foreign companies the following are presently producing significant quantities of oil: Elf Aquitaine, Argosy, Chevron, Hocol, Intercol, Occidental, Petrocol, Shell, and Texaco.

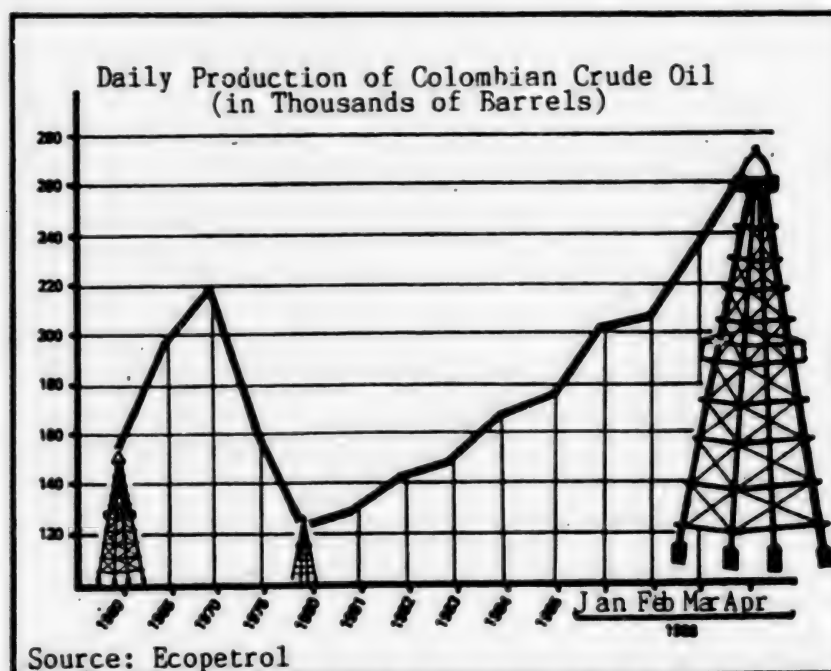
Concessions

The growth of the contract of association system has been parallel to the decline in the role of the third type of production mechanism. Concessions, which accounted for 61 percent of production in 1965, had fallen to 25 percent by April 1986.

Under the concession system, in April 1986 we obtained 67,664 barrels of petroleum per day, which amounts to a little more than half of the petroleum obtained under the contracts of association.

The most important concessions are presently under the control of Elf Aquitaine, Chevron, Hocol, Intercol, and Texaco. They operate in the Trinidad, Zulia, Neiva, Provincia, and Valle Medio fields, respectively.

This article is illustrated with a graph in which the evolution of average daily production since 1960 is shown. Three clearly discernible stages appear in this graph.



Everything indicates that Ecopetrol and foreign oil companies had a positive impact on the indices of production of Colombian crude oil.

The First Boom

This period lasted from 1960 to 1970. Average daily production grew by nearly 70,000 barrels. It should be noted that between 1968 and 1970 there was a recovery in production not shown in the graph, which made it possible, over a period of only 2 years, for average daily production to increase by 45,000 barrels.

During this period the concession system was of great importance, as the prospective end of some of the contracts ensured that production would reach rather significant peaks, with the high point in 1970, when average daily production was 220,000 barrels, a level not surpassed until 16 years later.

Decline

After 1970, and until the last years of the 1970's, Colombian petroleum wells progressively passed their peaks. In 1980 the average daily production was 100,000 barrels below the level reached 10 years earlier.

This fact had serious consequences for the whole domestic economy, as Colombia went from being a net exporter to becoming a net importer of large amounts of petroleum. The worst aspect of this situation was the sudden increase in the international prices of petroleum, against which there were no defenses, particularly in the case of the developing countries.

The petroleum "boom" of the 1970's came at the most inopportune time for Colombia, which had just lost its position in the international petroleum market. It imports not only petroleum products but also of other goods suddenly made them more expensive and at accelerating rates and forced the country to seek external financing, although not to the same extent as other Latin American countries.

All of the critical elements which were accentuated in our economy generated a search for positive alternatives for the best use of our petroleum resources, whose existence we at least suspected. It can be said that the government's concern over this matter was what finally made it possible to reverse the process which had touched bottom between 1979 and 1980.

Second Boom

This period was strongly marked by approaches made to Colombia by foreign investors attracted by the mechanism of contracts of association with Ecopetrol. Furthermore, the foreign companies were drawn by the previous knowledge which many of them had of the Colombian petroleum potential.

The first contracts of association were signed in the mid 1970's, and concrete results only began to be evident in the 1980's. Whereas in 1978 contracts of association covered 7 percent of production, in April 1986 they covered 47.5 percent of production.

Among the foreign partners of Ecopetrol Occidental Petroleum stands out. Its present production is more than 60 percent of the total amount of petroleum produced under contracts of association, which is equivalent to 30 percent of present Colombian production.

Clearly, Colombian petroleum activity is growing in importance, and it is hoped that this situation will continue for a long time. Nevertheless, we are seeing the application of the popular saying which goes, "When the poor man hangs his bedding out in the sun, it rains that day," since international oil prices are not particularly favorable at this time.

We have good prospects for production. Projections made by Ecopetrol state that this year we will reach a daily average production of 293,000 barrels of oil. We will achieve self-sufficiency, and there will be a surplus for export. However, this will depend on the behavior of international oil prices, and we will soon have to keep some oil to sell later on when, in the words of those who follow petroleum developments, the market recovers.

5170

CSO: 3348/597

COLOMBIA

BRIEFS

BARCO ON DIVORCE--Virgilio Barco termed the proposal of conservative candidate Alvaro Gomez for the establishment of obligatory civil marriage, with a right to divorce, a new elections trick. On 4 May Barco told an EL ESPECTADOR reporter that "the Gomez tactic of continuously making promises seems to have no end. That proves that he is in a very understandably desperate elections desperate elections. He must be impressed by the success which the Liberal Party is having throughout this presidential elections campaign." The Liberal Party candidate for the presidency said: "Those of us who are good husbands and wives don't get divorces." He was referring ironically to the proposal which Gomez Hurtado made on television on 2 May. Barco added that the institution of civil marriage and divorce should be handled through an agreement with the Vatican, but in any case this is not the highest priority problem which Colombian citizens are thinking about today. The Colombian people are overwhelmed by an economic and social crisis of serious proportions. Barco considered that the proposal for civil divorce will probably take more votes away from Gomez than those he thinks he is gaining, because the Colombian people certainly know that he is not a serious candidate. He has fallen into the trap of populism and has no well considered, coherent, and concrete program. [Excerpt] [Bogota EL ESPECTADOR in Spanish 4 May 86 p 10-A] 5170

CSO: 3348/597

COSTA RICA

OVERVIEW OF CLANDESTINE GROUPS, GOVERNMENT RESPONSE

San Jose RUMBO CENTROAMERICANO in Spanish 25 Apr-1 May 86 pp 19-21

[Text] "Although much more is known than can be proven," one top official of the Monge Administration said, about six armed cells act clandestinely in Costa Rica.

Most of them have arisen due to the "Red danger" in Nicaragua. They maintain "communications" with anti-Sandinist groups like ARDE [Democratic Revolutionary Alliance], FDN [Nicaraguan Democratic Force], and FARN [Revolutionary Armed Forces of Nicaragua].

Because of the climate of rebellion in Central America and the movement of arms that converted the country into a powder keg, activities of the far left have increased since 1981.

After the capture and dissolution of the "extremist" group La Familia in February 1982, the judicial police admitted that this country had served in the past as a refuge for "Tupamaros" (Uruguay) and "Montoneros" (Argentina) and now for Salvadoran guerrillas. A month earlier, a logistical support cell for the FMLN [Farabundo Marti National Liberation Front] commanded by an Argentine, Carmelo Sbezzi, with a gigantic arsenal was discovered near the Paseo Colon.

In August 1982, a "conduit of war" was found in Sarapiquí. The deputy minister of government then, Enrique Chacon, connected this discovery to a known socialist political party. A little later, Francisco Tacsan, chief clerk of the MSP [Ministry of Public Security] and also chief of the DIS [Directorate of Intelligence and Security], tied the Costa Rican left to destabilizing actions against the democratic regime. These were denounced by the president of the republic himself, Luis Alberto Monge.

These are only a few rungs in the terrorist escalation that Costa Rica experienced at the beginning of the current decade. What is happening now?

Colonel Pedro Arias, director of the GAR [Rural Assistance Guard] of the Ministry of Government--which has coordinated many operations to seize armaments and training camps--thinks that "although it is very difficult to prove, many groups act clandestinely in Costa Rica."

Recently the deputy minister of government, Eng Rene Castro, alerted the country to "the reports by the MSP that leftist groups are sending 'recruits' to Nicaragua and Cuba and the information that has leaked out to the public that far right groups are becoming involved in military activities."

According to Colonel Rigoberto Badilla, former director of the GAR with more than 30 years of service in the Public Force and now governor of San Jose, "it is no secret to anyone that there has always been a paramilitary corps" in our country.

Politicians and former officials interviewed by RUMBO CENTROAMERICANO expressed similar opinions. Although it is true that the destructive potential of these organizations has diminished recently, they are not only a latent danger but a constant danger facing the possible worsening of the Nicaraguan crisis and the increase in movement of arms and explosives, smuggling, drug sales, and common crime.

The people interviewed also agreed that the Costa Rican security forces are incapable of confronting a situation of this type (paramilitary or terrorist) since it is even hard for them to fight crime due to their lack of means and poor professional qualifications.

As the U.S. Government has publicized, in addition to being immersed in the turmoil in Central America, Costa Rica provides the ideal geographic conditions to traffic and export almost anything from drugs to arms through subversive groups of every type and other "products" sold on the international market.

More than 1,000 landing spots--as many private airports as there are level areas and beaches--an irregular Pacific coast, and a good highway infrastructure make penetration easy.

Escalating Violence

According to the opinions gathered, our country might harbor about six militarily trained commands, mainly located in Guanacaste, the southern and Atlantic zones, and the central plateau.

This statement is documented by many arrests--usually nullified for "lack of merit"--discoveries of "conduits of war," and confiscations.

Col Pedro Arias said: "There are paramilitary cells that we do not even know about, but they are disorganized because no teams are trained in terrorism. They are results of the Nicaraguan war."

So far this year, the GAR has verified five confiscations of war materiel in the Costa Rican Atlantic zone and, with the DIS and the MSP, tracked down armed camps and groups near Moin.

In August 1985, the deputy foreign minister, Gerardo Trejos, admitted that the government lacked the resources to control "military incidents on the northern

border." Days later, opposition deputy Danilo Chaverri denounced the fact that there were no obstacles to the anti-Sandinist rebel groups in the Sarapiquí region. Some cattlemen in the area tried to organize and defend themselves against insecurity in the area bordering Nicaragua.

On 12 June 1985, the group "Fatherland and Liberty" which operated in Guanacaste took credit for sabotage against a tower of the ICE [Costa Rican Electricity Institute] to protest Sandinist violations of national territory.

In other areas of the country, information was uncovered about other extremist organizations of the right and the left like the so-called "Black Berets" and cells located in the provinces of Limón, Heredia, and Alajuela and in areas bordering Panama.

The governor of San José, Col Rigoberto Badilla, said that there are two "paramilitary" groups--as he called them--that act within the law and do not represent any danger: the National Reserve--which, in fact, is part of the MSP--and the MCRL [Free Costa Rica Movement].

He justified this by saying that the MCRL "trains militarily" openly and under government control. He added that what must "be feared are those that train clandestinely like some Communist parties."

The MCRL is a legally constituted association and its president, Bernal Urbina Pinto, rejects the adjective "paramilitary." He even denies that his group is far rightist.

Nevertheless, the organization--which celebrates its 25th anniversary this year--is constantly attacked by parties and deputies of the Costa Rican left. They accuse it of illegal practices and illegal possession of arms.

"We Do Not Need Arms"

Urbina Pinto repeated: "No anticommunist has been tried for terrorism in Costa Rica." He also said that the MCRL does not need arms.

He emphasized that the Carazo Administration (1978-1982) opened the illegal arms market in Costa Rica. "We are within the legal framework. When the country needs our services, the government will give us arms."

He did admit that they are frequently offered war materiel for sale. Although they do not accept, this demonstrates that the movement of arms continues as much or more than before and control is limited.

The MCRL is formed by "Blue Berets" (youths) and "Tridents" (former soldiers and old members). The former actively train in first aid, climbing, and mountaineering, but 70 percent of their training is indoctrination.

Most of the "Blue Berets" are also part of the National Reserve which gives them target practice. This is the only institution other than the state that can train militarily.

Serious Danger

Col Pedro Arias stated: "Arms smuggling is a fact, but the GAR lacks the means to stop it. It only has short police courses which are almost empirical without any military background. A month ago, we did not even have a pair of boots."

Less than a year ago, the Ministry of Government caught an armed group training in Heredia. New U.S. arms were confiscated.

A platoon of soldiers training on Pico Blanco hill was arrested, but the MSP explained later that it was a National Reserve group.

Since 1981, the paramilitary commands with which the Costa Rican authorities have had contact have not had an organic or formal hierarchy. They were disorganized and inexperienced. Each cell captured might have between 20 and 30 members. The arms seized were "guerrilla arms": rifles, submachine guns, grenades, and mortars.

According to the deputy minister of government, Eng Rene Castro, "they are a potentially serious danger since they can provoke clashes and start violence."

Except for confrontations with the far leftist group La Familia and other cells of urban terrorism, the Costa Rican Government has not had to openly fight these groups. However, that day might be coming.

According to Juan Jose Echeverria Brealey, former minister of public security and now a militant of the Costa Rican left, paramilitary commands move freely in national territory.

He stated: "On 15 March, I myself saw at least 200 armed men dressed in fatigues between San Mateo and Orotina. They were traveling in private vehicles and did not look like the Public Force. I see them frequently."

He felt that this situation was dangerous for the stability of the country and said that the political parties in Costa Rica have always had paramilitary groups.

He mentioned the National Liberation Party's Veterans Association and recalled the birth of the National Reserve in 1955. It was dissolved after repelling an invasion from Nicaragua.

According to this former official, the National Reserve was again summoned in 1978 because of the danger that the Somoza regime represented. It was created without legal organization, just for that occasion.

He said that it was an apolitical group that recruited between 8,000 and 10,000 people in 1978 including Communists, veterans, members of the MCRL, and 132 Costa Rican veterans of the Vietnam War. The latter formed a specialized demolition platoon.

Firearms Law

The Law on the Import, Sale, and Possession of Firearms, passed by the Legislative Assembly in August 1985 after a bitter argument, establishes that "no person can register or carry more than three permissible weapons to defend his life and possessions."

However, there was a 1-year moratorium so that those who have prohibited arms can turn them over to the Department of Arms and Explosives. This means that many anti-Sandinist groups or illegal cells caught in national territory can leave.

The problem of the paramilitary commands involves many military and doctrinal factors. So far, the captured groups are not "terrorist" in the sense of assuming a direct battle position against the institutionalized and democratic regime of the country.

These splinter groups have been armed to fight Nicaragua and are disarmed just as quickly. The only ones that might have an ideological base are the so-called "leftists."

In April 1985, the DIS tied the socialist MNR [Movement of the New Republic] to the bank robbery on 14 February 1985. Some 5.5 million colones were stolen. The top leader, deputy Sergio Erick Ardon, denied the charges and alleged that it was a rightist maneuver to discredit its political actions.

Recently the MSP investigated the presence of 20 Costa Ricans in Libya, possibly training as guerrillas and members of armed cells.

Luis Fernando Astorga, third secretary of the Movement of the New Republic, categorically denied the possibility that groups of the Costa Rica left were armed.

He repeated that his party adheres to the Political Constitution and that he feels that it "has enough room to develop within that framework as our electoral work demonstrates."

He added that when a people takes up arms, it is motivated by objective conditions that still do not exist in Costa Rica. Therefore, they reject violence.

He said: "Revolution is not synonymous with armed struggle." He stated that deputy Ardon supported passage of the new Arms Law, feeling that the arms regulation is necessary for Costa Rican democracy.

Col Rigoberto Badilla, now governor of San Jose, added that after a change in administration, the displaced military usually organize outside the government and train militarily.

He said that the only way to stop this is to make the Public Force professional and give it stability, incentives, and adequate equipment to protect the country.

He argued: "Otherwise, the communities would organize their own security corps to defend themselves with the obvious danger that this would entail."

According to some public officials, the policy of neutrality has made it possible to control the anti-Sandinist groups that try to overthrow the Managua regime. However, there is still the latent danger that this will boil over and Costa Rica must prepare itself to confront this danger.

"We Control Border Patrolling"

The minister of public security, Benjamin Piza, explained that there is no formal organization of clandestine armed groups in Costa Rica. However, there are people trained in Nicaragua and Cuba who came back to the country and could enter into action. That is the reason for his determination to equip and professionally train the DIS to "be one step ahead."

He felt that the far right does not have subversive groups and that the MCRL is an unarmed anticommunist association over which the MSP exercises strict control.

As to the illegal movement of anti-Sandinist forces, he felt that the Costa Rican police now has greater mobility and training and "we control border patrolling." After the courses for "border guards" given at the El Murcielago de Guanacaste camp, there is much better control of armed Nicaraguan groups and accusations are investigated.

Piza stressed that Costa Rica "is a very open country" where control is very difficult. The presence of cells trained in Libya is still being studied.

In his opinion, "all indications point to the fact that the MNR was responsible for the attack on the Philadelphia bank because the suspects are members of that leftist party."

He added that there is still nothing final because the case is still open. However, there is strong evidence to support this thesis. He discarded the idea that external pressures can destabilize Costa Rica; the danger is internal subversion.

The majority of the trained or "paramilitary" groups operate as cells which are difficult to detect. However, the DIS maintains constant vigilance over suspicious groups.

Benjamin Piza is a veteran of the 1948 Costa Rican civil war and a founding member of the MCRL. He has occasionally been accused of partiality. However, he replies that his action is free of political and private interests. "I have sought to serve the fatherland."

DOMINICA

DLP REPRIMANDS ELECTION CONDUCT OF DOUGLAS, MILLS

Port-of-Spain DAILY EXPRESS in English 14 May 86 p 18

[Text] ROSEAU, Tuesday (CANA-Reuter)—The opposition Dominica Labour Party (DLP) leader Michael Douglas and the losing candidate in last week's parliamentary by-election have been censured by the party's executive for their conduct in the election campaign.

Differences between Douglas and the DLP candidate Rosie Mills led to the party leader's withdrawal from the campaign.

Following a weekend meeting, the national executive "reprimanded the political leader for his irresponsible conduct during and after the by-election and criticised the undisciplined attitude of the candidate," a party statement said.

Douglas had called

Mills a "bad candidate" while Mills wrote to the executive complaining that he did not win -- in an area thought to be an opposition stronghold -- because Douglas was against him.

The executive accused the government of intimidating voters to influence the result of the by-election.

The statement said the party's believed in elections "not only being free and fair, but also free from fear."

The DLP alleged that the ruling party used "large numbers of armed policemen in military jeeps accompanying the prime minister and members of her Cabinet" around three polling stations in a DLP stronghold within the constituency, two hours before the close of the poll.

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CSO: 3298/449

GUATEMALA

REACTION TO CEREZO'S ECONOMIC PACKAGE

Dialogue Begins

Guatemala City PRENSA LIBRE in Spanish 12 Mar 86 p 2

[Text] Not all export products will subject to the direct 30-percent tax, said President Cerezo yesterday afternoon when he announced that today discussions will begin on the economic and social reorganization plan. The various representative sectors of the country will be participating in these talks.

President Cerezo made these statements to journalists in a corridor at the National Palace. He indicated that cotton may not be subject to this tax, nor will vegetables. But other products that sell for a good price on the international market, such as coffee and cardamom, will be taxed.

The leader also stated that the document which contains the economic reorganization plan has been sent to the various Guatemalan trade associations so that they can express their views on the matter.

"Talks with producers will begin this day," he said, "in order to bring together the different positions on the plan. It will be discussed again next week so that a final agreement can be reached and implemented regarding the tax on the exchange fee charged for the foreign currency earned on sales of some agricultural products.

President Cerezo, in another part of his statements, said that vegetables and some other products considered nontraditional may not be subject to any surtax, given that the goal is to boost the sale of these goods abroad.

"Cotton, as we know, is undergoing a rather severe situation, so it will probably be subject to little or no tax. Coffee, considering that it is fetching a terrific price abroad, will almost certainly be taxed accordingly, as will cardamom."

President Cerezo recalled that the government will not be the one to impose these taxes on whatever product it deems appropriate, but rather the agricultural sectors themselves will reach an agreement to see how the 30 percent of the exchange fee can be collected.

"If they do not agree, then the government will try to achieve a final solution." He added that this direct tax will yield 100 million quetzales, which will be invested in various construction projects that will serve the common good, above all rural roads and other projects that are of vital importance to communities in the interior.

He stated that a fund will be set up for the various municipalities in the country, so that they can build top-priority projects.

President Cerezo implied that in the future more direct taxes may be imposed, but they will not affect the poor sectors. He also indicated that in the future a stock exchange system may be created in Guatemala, when investment is strong.

Sandoval Critical

Guatemala City PRENSA LIBRE in Spanish 10 Mar 86 p 8

[Text] "The function of governing should be taken seriously, and the country's future should not continue to hang in the balance. I believe that the euphoria over the ruling party's victory should end now," said Mario Sandoval Alarcon yesterday. Sandoval is the leader of the National Liberation Movement (MLN).

"The statements made by President Vinicio Cerezo Arevalo regarding the economy last week disappointed everyone in the country's industry, commerce, and banking sectors, because they turned out to be a giant 'bandaid' of possible solutions. Most of the people view them as something that will merely spread poverty around throughout the citizenry.

"These statements show that the Christian Democrats did not expect 'an electoral triumph,' because it is clear by all accounts that the party was not prepared to govern. The improvisation is as clear as day," he indicated.

"The MLN is the only party that has been waiting silently to see what measures the government plans to adopt.

"My team of advisers and the new elements who are now participating openly in the party, since several leaders resigned to join the present administration, continue to analyze, make recommendations, and voice constructive and appropriate criticism of the current government," he said.

"The immediate and sure solutions are contained in our government plan, which the Christian Democratic government should recognize for the good of Guatemala. The MLN would have no problem if the government were to take and apply that plan, since today the important thing is to provide solutions and implement them, no matter where they come from," concluded Sandoval Alarcon.

Deficit Reduction Sought

Guatemala City PRENSA LIBRE in Spanish 8 Mar 86 p 13

[Text] "President Cerezo intends to reduce the budget deficit we inherited from the last government from 557 million to 340 million quetzales, within the new organization of the economy," said Economy Minister Lizardo Sosa yesterday.

"The reduction will be achieved by means of the export tax, and the study that has been conducted includes the wage increase, the fertilizer plan, subsidies, price reductions for medicines and other goods, and lower school tuitions.

"This represents something more positive for the country so that it can return to an economic reorganization. These are the initial steps toward finding the path that was lost in all aspects of the economy," said Minister Sosa.

"If we can achieve this reduction in 1986, we will not talk in the future about devaluation. We will be able to show that this kind of operation is not the solution; the organization of economic systems is," he said finally.

Linares Outlines Plan

Guatemala City PRENSA LIBRE in Spanish 8 Mar 86 p 6

[Passages enclosed in slantlines printed in boldface]

[Text] The 30-percent tax on exports included in the new economic and social reorganization program revealed by the government could generate \$580 million in foreign exchange this year, said Bank of Guatemala (BANGUAT) President Federico Linares yesterday.

The official met with the press along with Jorge Mario Calvillo, Julio Noriega, and Carlos Najera, directors of the Economic Studies, International, and Exchange Departments, respectively.

Three Exchange Markets

Linares explained that two essential areas, the exchange sphere and the monetary and credit sphere, concern BANGUAT in the economic reorganization proposal announced by the government and drawn up by the economic cabinet headed by the president of the republic.

The official indicated that these measures must first be authorized by the Monetary Board at the conclusion of the dialogue between the government and the various sectors involved in the country's economic and social problems. He emphasized that our currency will not be devalued, and that on the contrary, these measures are designed to establish an orderly and simplified system in this area, as well as to eradicate speculation.

In the exchange sphere, three markets will be established: an /official/ market with an exchange ratio of 1 to 1, for the payment of the foreign debt

(principal and interest); another known as the /regulated or preferential/ market, with an exchange rate of 2.50 quetzales to the dollar (for the purchase and sale of foreign currency, primed with the proceeds from exports, so that it will constitute a balanced exchange rate, set and controlled by BANGUAT); and the third, the /bank/ market, for liquidating foreign currency transactions related to tourism, remittances, etc. (this market will also be controlled by the banking system and BANGUAT, which will determine the respective fluctuations).

Supply and demand will determine the exchange rate for those who want foreign currency and want to travel abroad, whether for recreation, studies, or medical care, it was reported.

Regarding the monetary and exchange system, the other area that is also subject to the official control of the Monetary Board, it was explained that the board will deal with the money in circulation in the economy (savings deposits and demand deposits) and will make sure it does not exceed projected limits. In other words, it will control the money supply.

War on Speculation

/Linares emphasized that the effect of these measures is to control speculation, which has caused so much damage to the country. The measures involve other provisions as well, and thus the Ministry of the Interior and the courts will enter into the picture to correct illegal acts./

/Regarding the regulated or preferential market, Linares explained that it is very important, because it will enable the foreign exchange earned from exports to be used to boost the import sector./

IMF Not Involved

In response to questions, the president of BANGUAT stated that the International Monetary Fund has had nothing to do with the measures included in the economic reorganization program. Only Economic Planning, the Economy and Finance Ministries, and the Bank of Guatemala participated in drawing up the measures.

He admitted that the IMF's opinion on the matter will be sought, but the program itself is the work of the government, the fruit of the economic cabinet's efforts to correct some of the problems that afflict us.

He also denied that he is considered one of the Chicago Boys, because he did not graduate from that U.S. university.

Exporters Accept Challenge

Guatemala City PRENSA LIBRE in Spanish 8 Mar 86 p 4

[Text] The Guatemalan Export Chamber accepts the challenge of sacrifice issued by the government to the various sectors involved in the country's economic reorganization, as long as this cooperation will lead to the

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elimination of the current atmosphere of uncertainty and the exact figures on the impact each export category will suffer are revealed, it was reported yesterday.

The directors of the chamber, noting that they cannot support measures that would hinder or destroy sources of employment and of foreign currency, indicated that they expect the government to display a positive attitude on that issue.

The Guatemalan Export Chamber, furthermore, is aware of the historic responsibility it shares in view of the public message sent by the president with regard to the economic and social reorganization. It also believes that instead of imposing unilateral measures, an agreement for effective coordination should be sought with the sectors involved. This could be a real and genuine agreement if it is based on respect for free enterprise and marketing.

After expressing a series of ideas on this matter, the chamber concluded by saying that the government has said that all sectors must sacrifice, and the entity accepts the invitation to cooperate. It will do its patriotic duty, so it is necessary to clear up any doubts about the so-called economic package so that the dialogue can be effective and positive for all.

Anacafe Negative

Guatemala City PRENSA LIBRE in Spanish 8 Mar 86 p 4

[Text] "If we are penalized with taxes, we coffee growers will lose our incentive. We think that during a boom period, rather than burdening us with more taxes, production should be encouraged," said the president of the National Association of Coffee (ANACAFE), Rodolfo Elias Fernandez de la Vega. Fernandez made this statement yesterday with reference to the tax the government may levy soon on exports.

He indicated that although the measures announced by President Cerezo must be studied in more detail, slapping a 30-percent tax on exports is a dampening measure.

"It is a little premature to undertake a complete analysis of what President Cerezo announced. All of the agriculture and livestock associations are joined together in the National Agriculture and Livestock Union (UNAGRO), and a thorough analysis will be conducted to determine the impact on the agricultural export sector. Given that coffee is the country's most important export and a mainstay of the economy, this sector will also have to make its own study and analysis of the situation to see how this tax affects us. We have called an emergency session of the ANACAFE board of directors and the presidents of the coffee associations in the country.

"We still do not know the details of this tax package, since President Cerezo just announced a 30-percent tax on exports. It is my opinion, however, that coffee can help support the country, but only as long as we are not hurt by

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the new taxes. We do not know what will happen with a wage increase or an increase in the cost of inputs.

"It is appropriate to spare coffee simply because the coffee boom has been expanding in the last 3 months, after several years of crisis.

"We feel that, on the contrary, now is the time to reactivate the coffee sector, to bring about a significant boost in production, and to earn more foreign exchange for the country. If we are penalized too severely, there will be no incentive to produce, and that will have a dampening effect in the form of no more wages, no more foreign exchange, etc.

"This coffee season, the 1985-86 harvest, production has fallen off a bit due to the drought last summer, which was very long and severe. We estimate, however, that the country will take in several million dollars in foreign exchange.

"The year immediately preceding that, the country earned \$430 million, and this year we expect to pass the \$500-million mark. As for labor, coffee growing supports at least 400,000 or 500,000 workers. Since this sector benefits four or five members of each family, this means that about 2 million Guatemalans depend on coffee production."

CUSG Critical

Guatemala City PRENSA LIBRE in Spanish 8 Mar 86 p 8

[Text] "The irresponsible decision by the economy minister to lift the ceiling prices off of 295 essential products is disturbing to us," said Francisco Alfaro Mijangos yesterday with reference to that government decision. Alfaro is the leader of the Confederation of Trade Union Unity of Guatemala (CUSG).

"Guatemalans are quickly shedding the illusions they had when they went to the polls to vote for the Christian Democrats, believing that the family economic problems of joblessness and hunger would thus be solved."

According to Alfaro Mijangos, the current economy minister is not following the path promised by President Cerezo, and he should be told to adhere to the government's plans or accept the fact that he does not fit in with those plans.

"The CUSG believes that if the president is to implement his philosophy, he must carefully select his officials and seek men who will deal with the problems of hunger, poverty, exploitation, and the lack of opportunity that plague us Guatemalans."

The leader pointed out that there is inconsistency between the leader and his ministers. Thus, before the new economic package was announced, the ceiling prices on the 295 products in the family basket were deregulated. This will have a significant impact on the weak national economy, he noted.

Lamport Offers Advice

Guatemala City PRENSA LIBRE (CAMARA DE COMERCIA supplement) in Spanish
5 Mar 86 pp 3, 8

[Text] Guatemala has great potential for emerging from the crisis and underdevelopment that plague it, because its climatological circumstances, its strategic position, its labor force, and also the latter's capacity to absorb training are favorable, stated Pedro Lamport, president of the Chamber of Commerce. He made this statement during an interview conducted to determine the chamber's view of the country's current economic situation.

"What we need is the coordination of projects for socioeconomic development to allow for strong capitalization throughout the country, understanding as such an increase not only in material resources but also in human resources. If we look at the big difference between developed and underdeveloped countries, we find that it is capital. The more stimulation and the better terms that are given to foment that capital, the more possibility there is to develop the country."

The country's social and economic development policy has been questioned by a variety of sectors. In this regard, the president of the Chamber of Commerce responded that a number of erroneous measures have been taken in this area.

"Four years ago, this chamber made a series of suggestions regarding the economic readjustment, with an emphasis on the budget deficit and monetary and credit policy. We predicted that if the trends that prevailed at the time continued, the pressure of the dollar on the quetzal would increase tremendously, and the country would undergo a very severe process of inflation. We indicated that at the same time, employment would be complicated, and the vast majority of the population would suffer.

"We stated at the time that state spending must be reduced, and in passing we mentioned that proven investment should be stimulated in export-related areas, primarily. Unfortunately, imports were subsidized, and export production was penalized," added Lamport.

Apparently the government finally understands that it is necessary to liberalize exports, and that it is a good idea to determine the real parity of our currency against the dollar, and to avoid import subsidies.

"Since it took about 3 years for that measure to be considered, the social cost to Guatemala is much higher than it would have been then. Fortunately, and thanks to the economic times, when the economic readjustment measures are taken the cost will be tolerable. For example, a readjustment in the price of public transportation would not be as harsh right now as it would have been 2 years ago."

Now, under the shadow of President Cerezo's coordination program, the Chamber of Commerce has drawn up a series of suggestions which it will present during the dialogue that may take place after the official announcement of the package of tax reforms. The papers to be presented by the chamber are the

fruit of several years of research, and now they reflect the willingness of the private commercial sector to contribute to the betterment of the country.

"Basically, the chamber advocates several points of view. One of them is the stimulation of investment, which has been damaged by the fiscal policy; this stimulation has been nearly eliminated by a series of measures that simply make investment the least advisable alternative. If fiscal policy is oriented so as to make Guatemalans feel that they can save and thus guarantee more investment, rather than purchasing goods, then there will be an opportunity to create real sources of financing.

"The chamber also advocates a nondiscriminatory fiscal policy. We feel it is not right to think that there are sectors that should not pay taxes. In this regard, we think that everyone should be responsible, since everyone has the same rights.

"Moreover, we also believe that the public sector should understand that private initiative has the same right to sources of financing. At present the government can more easily obtain loans for its major projects. Naturally, it obtains these loans on softer terms than the private sector can get them. Even with that help, the government has embarked on many projects that it could not complete, for a variety of reasons. The previous governments were apparently unaware that they had limitations, as does any organization, and that they should delegate some functions to the private sector. When such functions are delegated, however, the private sector cannot obtain financing, because it has all been taken up by the government.

"In view of this, we believe it would be simpler for part of the work the government has pending to be delegated to private initiative. It has been shown many times that planning is better in a nongovernment business group, because an effort would be made to render efficient service at a realistic price. Incidentally, there would be no need for a subsidy, which always comes from the national treasury or from foreign sources of financing and thus diverts resources that could be used in other areas."

Pedro Lamport contends that the government should focus its efforts on improving two basic areas of service to the community.

"It seems to us unadvisable for the government to try to expand the telephone network when there is no medicine in the nation's hospitals. Another area, education, is also affected by measures just as illogical as that.

"In sum, we believe that the government can orient its policy toward the true development of the infrastructure that is needed to ensure progress in the country. I personally believe that the conditions are very favorable for this, and the chamber is extremely interested in any effort that will enable Guatemalans in general to lead better lives. For the present, we believe that if the country's economic policy promotes investment and savings, Guatemala can achieve great progress in this area in the next 1 to 3 years. This period will be a time of reorganization for us, a time for all of us to join together in striving to benefit Guatemala."

Stability Prerequisite

Guatemala City PRENSA LIBRE in Spanish 14 Mar 86 p 10

[Text] The meetings that began yesterday between government officials and representatives of the various production sectors must necessarily result in beneficial agreements, or in clear disagreements over President Cerezo's Economic and Social Reorganization. There can be no better system than this rapprochement in the form of consultations.

Today we would like to take time out from these commentaries to say that, though we are convinced that economic growth is fundamental, it cannot function without the ingredient of stability.

These economic recovery projects have failed in some countries and yielded good results in others. The secret apparently lies in finding procedures that make it possible to boost production in relatively short periods of time. When one talks of very long-term plans, deep down one is confessing that the emergency measures have not been designed to obtain quick results.

A plan to make noticeable improvements in the national economy should, we believe, be made up of practical measures aimed at achieving the following goals in the short term: a) production should be increased significantly, b) exports should be expanded, c) national and foreign investment should be promoted, d) new sources of employment should be created and existing ones should be stimulated so that they can absorb the services of more workers; the unemployment rate, estimated by officials now at 50 percent of the workforce, should be reduced to a minimum, and e) prices should be lowered or at least prevented from rising higher, so that inflation can be brought down to tolerable levels. All this would result in a growth in the gross domestic product that would attain and surpass the 5-percent growth rate that Guatemala enjoyed in the years between 1950 and 1977, the fateful year when the economy began to decline. As the experts assert, this growth came to an abrupt halt in 1978. The economic growth rate was cut in half between 1977 and 1980, fell to zero in the ensuing years, and has been negative for some time.

It would be wrong to blame the present government for this situation, since the Christian Democratic Party has not previously had the opportunity to determine the fate of the country. It is not fair to expect this government to reverse the trend in just a few months. The problem lies in how the government is going to lead the country down the paths of economic and financial rehabilitation. That is what the Economic and Social Reorganization project does not explain satisfactorily. A well-known politician, echoing that sentiment, said that the government lists all the things it will do, but it does not explain how. Although that objection is only partly true, the government does seem to have an obligation to provide an adequate response.

Plan Results Outlined

Guatemala City EL GRAFICO in Spanish 10 Mar 86 p 9

[Text] Let us not deceive ourselves. The government's publicity people have tried to minimize the effects its new economic stabilization policy will have on the population in general--the program has been dubbed the "Santo Tomas Plan," possibly because of the old adage, "seeing is believing"--but the effects will be disastrous for the family economy of most Guatemalans. Government officials have astutely insisted that the burden of the economic reforms will fall only on exporters. They also maintain that the 30-percent tax which will be levied on the products we sell abroad will be enough to halt the crisis and the economic deterioration that have unfortunately accelerated in the last 2 months. In the president's speech last Thursday, he cleverly manipulated the statistics and presented some fallacious arguments that hid a number of truths and realities. These truths can, however, be found in the document that the Secretariat of Public Relations of the President's Office distributed to the mass media and private sector organizations.

The first thing that draws one's attention in this document is the fact that price increases will be implemented for kerosene, diesel, propane gas and bunker, but not for super and regular gasoline. The latter prices have already gone up substantially, especially if we consider that the current prices were set when a barrel of oil was going for \$32, not the present \$12. To prevent bus and taxi fares from rising because of the increase in diesel costs, the government has agreed to raise the subsidy, so we will pay for it in the end anyway. Worse yet is the increase in the price of propane gas, the only convenient way for thousands of housewives to cook their food; it will go up once again. Sooner or later, the impact on transportation, subsidy or not, will be felt. Then freight charges and fees for transporting grains, vegetables and fruits to the capital and other centers of distribution will go up, and lo and behold, the consumer will have to pay for the increase.

Two of these price hikes, however, will really hurt: that of hard wheat, which is so essential in making bread (the reason why this product will necessarily go up in price, when the price skyrocketed just a few months ago), and that of medicines. These two products, as the IMF demands, will be taken off the list of essential goods and will be purchased at the exchange rate set on the interbank market. Very optimistically, this rate has been set at 2.50, and officials promise it will be lowered further in a year. Within 24 hours, however, thanks to the president's announcement, the dollar was being bought at 2.50 quetzales and sold for 3.30.

To justify the new price hike for medicines, it is argued that only 20 percent of the population buys them. Doctors and pharmacists dispute this assertion, although officials assert in their great wisdom--and by decree--that only 294 medications are essential or generic, and do not have commercial brandnames (nor do they have quality control guarantees, we might add). At this rate, prices will soon be sky high, and the government will have to issue decrees telling people they cannot eat bread or get sick. This will complete the state's interference and control of Guatemalans' lives.

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CSO: 3248/415

GUATEMALA

CEREZO SUPPORTS LATIN AMERICAN ECONOMIC INTEGRATION

Guatemala City PRENSA LIBRE in Spanish 19 Mar 86 p 6

[Article by Teresa Bolanos de Zarco and Susana Pezzano]

[Text] Caracas--The president of Guatemala, Vinicio Cerezo, yesterday endorsed SELA [Latin American Economic System] and advocated the consolidation of Latin American unity to confront the problems of the region.

Cerezo said: "Facing the technological and economic superiority of the developed countries, Latin America confronts the enormous challenge of giving priority to the firm conviction to unite in order to take our countries forward--to find what unites us, not separates us."

The president of Guatemala made these statements at the lunch the permanent secretary of SELA, Ambassador Sebastian Alegrett, gave in Caracas. It was attended by the ambassadors of the 25 member countries of the organization.

Cerezo stated that SELA "represents the old Latin American aspiration to achieve unity of our peoples in the midst of diversity." He warned that this requires "an enormous amount of imagination to find the appropriate mechanisms to make this unity possible."

Cerezo said: "Weakness can only be overcome by unity." He also recognized the importance of the work of the permanent secretariat of SELA, especially the activities of CADESCA [Committee for Action for the Economic and Social Development of Central America] made up by 21 member countries of SELA.

The president of Guatemala gave a toast that "the end of this decade be the beginning of the road of unity to make a reality of the ideal of the liberator, Simon Bolivar, which has been a utopia."

Alegrett indicated: "Central America is subjected to serious tensions that, if not contained, could trigger a widespread conflict in the area. There is an acute social and economic situation aggravated by the injustices of the existing international economic order."

Therefore, the permanent secretary of SELA pointed out the importance of the peace negotiations promoted by the Contadora Group. He warned that "the

efforts to strengthen the economies of the region must be supported by revitalization of the integration plans."

Alegrett revealed that the Central American subregion has experienced such a strong recession that the 1983 GDP in some countries was the same as 13 years ago.

The permanent secretary of SELA agreed with Cerezo that CADESCA must be seen as SELA's economic support for Contadora. "If there is a prosperous economy and a better social situation, conflict will inevitably disappear from the region."

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CSO: 3248/414

GUATEMALA

CEREZO ANNOUNCES REFUGEES MAY RETURN

Guatemala City PRENSA LIBRE in Spanish 15 Mar 86 p 15

[Text] President Cerezo has said that "Guatemalan refugees in Mexican territory have complete freedom to return to this country whenever they see fit."

He said that the government which took office last 14 January was aware of the needs, problems, and difficulties being experienced by the thousands of families that had to leave the country for reasons known to everyone.

"We must reiterate, however, that we are working to unite the people, to forget the era that pulled us apart, and to join efforts to begin building a new Guatemala."

President Cerezo added that his government was struggling to create the necessary conditions in which all Guatemalans could live in peace, be treated like human beings, obey the law, and use the country's resources for the benefit of all.

"This also applies to our compatriots who are refugees, because they are a vital part of the suffering we have endured to achieve the restoration of a people's government."

Refugees who desire to return to the country have complete freedom to do so. If any of them have houses, land, or families anywhere in the republic and want to return there, they can do so. But if there are any who have no place to go because they have lost everything, they can apply for help in any development zone and the government will give them the help they need.

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CSO: 3248/409

GUATEMALA

HUMAN RIGHTS COURT PRESIDENT ON INVESTIGATIONS, GAM

Guatemala City PRENSA LIBRE in Spanish 5 Mar 86 p 5

[Text] "President Cerezo should pay attention to the case of disappeared or kidnapped people," because it is clearly "a key question in ensuring respect for human rights, not only in the future, but in trying to clear up what has happened in the past."

This was stated to PRENSA LIBRE yesterday by the chief justice of the Inter-American Human Rights Court, headquartered in Costa Rica, Dr Hector Bros Spiel. The judge arrived in Guatemala yesterday for a visit.

He was interviewed at the National Palace shortly before meeting with the vice-minister of foreign relations, Francisco Villagran de Leon, who is now in charge of the ministry.

Dr Bros was asked about the proposal being made by the Mutual Support Group (GAM) to the effect that the cases of numerous Guatemalans who have been kidnapped or have disappeared in recent years should be brought to light.

He stated in that regard that in his personal opinion, "forced disappearance is one of the most terrible scourges to plague the Americas in recent years. Clearly one of the major responsibilities of the democratic governments that are being restored is to undertake a thorough investigation to clear up these disappearances and eventually to bring the guilty parties to court. They must be treated with a sense of justice, not vengeance."

With regard to the amnesty decree that prevents people who allegedly violated human rights from being taken to court, Dr Bros indicated that "as a judge I cannot comment on the matter, but I could do so if a specific case were brought before me. I am not familiar with the wording of the decree, however."

President Cerezo, nonetheless, should pay attention to the cases of disappeared people, he said. This issue should be examined, and ensuring respect for human rights is clearly a key question not only for the future, but also in terms of clearing up what happened years earlier.

Dr Bros arrived in this country to observe the changes that have taken place here since a democratic government was installed. He praised the stabilization of democracy, and indicated that "everyone can see the good example that is being set here in the election process, which resulted in a popularly elected government."

GUATEMALA

RAQUEL CEREZO SEEKS FOREIGN HELP ON HUMAN RIGHTS ISSUE

Guatemala City PRENSA LIBRE in Spanish 15 Mar 86 p 2

[Text] "Reinstating all the international commitments that Guatemala had lost was one of my missions during my visit to Vienna, whereas in Geneva I asked for international solidarity in establishing respect for human rights in our country," said Raquel Blandon de Cerezo, wife of the president of the republic, at a press conference yesterday.

"On my first stop, in Vienna, Austria, I confirmed that Guatemala was prepared to follow the recommendations agreed on in Nairobi last year, especially as regards the discriminatory rights accorded women in our country.

"The UN meeting on the women's legal and social commission at the 31st session of the Economic Council, which I attended, listened to my proposals for giving the very deprived women of Central America their preponderant place and then to my remarks, given as an example, concerning the way we are achieving this in Guatemala.

"I explained that today we have a woman judge, an Indian woman who is a member of Congress, and a woman minister of labor and social security, all as part of the Christian Democratic process of eliminating discrimination against women in public office.

"All of that led me to ask that the commission send advisers to organize a social welfare program, and this will become a reality very soon, since the secretary general of economic planning, Hermes Marroquin, will cooperate in organizing that program as soon as the advisers arrive in Guatemala.

"When I arrived in Geneva, I attended the meeting on human rights which was being held there and at which our minister of foreign affairs, Mario Quinones Amezcuita, had already referred to the process underway as far as respect for human rights is concerned.

"In giving my speech, the contents of which are already known in Guatemala, I asked for international solidarity so that we in Guatemala could leave behind the dark past which had shackled us in isolation, and one of my satisfactions was that it was agreed to remove from the UN agenda that eternal item which

has dealt constantly with this subject. But that decision was also due to the report by Viscount Culross."

The president's wife concluded yesterday's remarks by saying: "On the basis of what was decided there, I have decided to propose that a course in human rights be established in Guatemala in the primary and secondary schools and, even better, at the university level as a means of responding better to the confidence you now have in the government of President Cerezo."

11798

CSO: 3248/409

GUATEMALA

VILLAGRAN ANNOUNCES HUMAN RIGHTS COMMISSION WORK COMPLETED

Guatemala City PRENSA LIBRE in Spanish 15 Mar 86 p 2

[Text] "The countries of the world have given Guatemala a positive stimulus in their recognition that its move toward democracy is the best guarantee that a climate of respect for human rights will be established," said Francisco Villagran de Leon, Guatemalan deputy minister of foreign affairs, as he commented yesterday on the decision by the United Nations to consider the work of its special reporter, Viscount Colville de Culross, completed.

The United Nations appointed Viscount de Culross in 1983 to be its special reporter and investigator of the human rights situation in Guatemala. According to his reports to that international organization, he visited the country on several occasions and verified that there had been violations of human freedom.

Deputy Minister of Foreign Affairs Villagran said he had been pleased to receive the news from Geneva, where, in discussing the latest report by Culross, it had been established that "Guatemala has achieved a state of law, and it is necessary to support its return to genuine democracy."

Following a press conference by Raquel Blandon de Cerezo, wife of the president of the republic, at which she announced that the investigator of the Guatemalan situation was being withdrawn, the Guatemalan deputy minister expressed gratitude for the support given that decision by the countries of the world and especially the Latin American countries, since it was they that had submitted the draft resolution.

Villagran emphasized: "What is most satisfying is the fact that there was no discussion at all. The resolution was adopted unanimously. It was recognized that conditions in Guatemala are different as far as respect for human rights is concerned, and the work of the special reporter is regarded as completed."

The Latin American countries which presented the motion "felt it was proper to give Guatemala a positive stimulus. It is recognized that the transition to a civilian government constitutes the best guarantee that a climate of respect for human rights will be established."

Concerning one point in the resolution, which recommends that human rights violations under previous governments be investigated, Deputy Minister Villagran emphasized that "the judicial authorities will see to it that that recommendation is followed."

The resolution was telexed to the Ministry of Foreign Affairs, and copies of the telex were distributed to reporters. The most important section of the resolution says that "welcoming with approval the process of democratization and the restoration of constitutionality in Guatemala that have come with the installation of a popularly elected civilian government and the taking effect of the new Constitution of the Republic on 14 January 1986, we express our confidence as regards a climate of respect for human rights."

The resolution expresses its confidence that the "appropriate authorities will investigate the human rights violations brought to their attention, including those that occurred before the new government took office, and, in particular, that they will make every possible effort to explain the fate of persons who have disappeared."

And it terminates the mission of the special reporter as well as his investigation of the human rights situation in Guatemala as established in its resolution adopted in 1983.

11798

CSO: 3248/409

GUATEMALA

BANDESA TO IMPORT, DISTRIBUTE FERTILIZERS

Guatemala City PRENSA LIBRE in Spanish 21 Mar 86 p 18

[Text] BANDESA [National Development Bank] has been exonerated from the payment of duties, charges, surcharges, and any other tax on the import of 1.3 million quintals of fertilizer. It is buying this to carry out the program of free fertilizer for small farmers, producers of basic grains.

Decree No. 18-86 was approved by the Congress of the Republic at yesterday's session. It was issued based on government agreement 138-86 dictated by the Council of Ministers on 25 February 1986. It said that the purchase of fertilizer by BANDESA for the 1985-86 agricultural year was urgent and excused it from the obligation to obtain bids and quotes abroad. It made the Ministry of Agriculture responsible for organizing the process to receive, store, and distribute the fertilizer.

Based on that agreement, the decree also exonerates the Ministry of Agriculture from payment of the mentioned taxes and any tax on the operations of reception, etc.

The Ministry of Finance must grant the exemptions contained in the decree.

It and the General Comptroller of the Nation must supervise those operations.

The decree will go into effect 8 days after its publication in the official newspaper.

7717
CSO: 3248/414

GUATEMALA

CASTILLO ANNOUNCES DIESEL, GAS PRICE HIKES

Guatemala City PRENSA LIBRE in Spanish 24 Mar 86 p 4

[Text] The price of diesel will go up to 1.98 quetzales a gallon while a cylinder of propane gas will cost 0.75 quetzales more until the economic and social reorganization plan proposed by President Cerezo is agreed on. The minister of energy and mines, Eng Roland Castillo Contoux, stressed this yesterday.

When he was interviewed at the Air Force airport yesterday afternoon, he stated that this increase will not affect the economy of the masses because it will continue to be subsidized.

He emphasized: "This increase of barely 0.90 per gallon represents only 66 percent of the cost of gasoline. The international price of that fuel is the same as the price of gasoline."

Referring to propane gas, he indicated that the increase will affect the 25-pound drums. This represents only an increase of 75 centavos per family per month.

He added that despite the fact that the prices of fuels are going down abroad, Guatemala cannot lower them here because it has to buy dollars on the black market due to the country's shortage of foreign currency.

Referring to the demonstration by heavy freight transporters, Minister Castillo said that this protest was not due to the possible increase in the price of diesel but the high cost of tires and parts, problems that they have been facing since past administrations.

He also recalled that the possible increase in the price of diesel is not yet in effect but will be applied until the economic and social reorganization already announced by President Cerezo Arevalo goes into effect.

7717
CSO: 3248/414

GUATEMALA

BANGUAT SEEKS TO CURB DOLLAR BLACK MARKET

Guatemala City PRENSA LIBRE in Spanish 8 Mar 86 p 8

[Text] The president of BANGUAT [Bank of Guatemala], Federico Linares, announced an all-out war against the currency black market during a press conference held yesterday afternoon.

He was asked about the dollar black market that continues despite the ban on operations by the Houses of Exchange. He was also asked about the new monetary, exchange, and credit measures included in the economic package.

Linares explained that one of the purposes of these measures, particularly the three exchange markets included in the program of economic and social reorganization announced by the president of the republic, is to correct this anomaly which hurts the national economy so much.

He said that the black market must completely disappear. The Ministry of Government and the courts of justice will be responsible for this because it "is no longer under the jurisdiction of BANGUAT."

He also referred to the harmful effects of speculation in this field and the need to correct the problem.

Respect for Free Enterprise

The official denied that the measures adopted, still a bill so far, lead to socialization of the country. On the contrary, there is respect for free enterprise.

Foreign, Domestic Debt

Questioned by the reporters about the amount of the foreign and domestic debt, he said that BANGUAT's foreign debt totals \$1.3 billion while the debt of the public sector is \$1.23 billion. The domestic debt is about 2 billion quetzales (public sector and BANGUAT), but changes depending on negotiations.

7717

CSO: 3248/412

GUATEMALA

COTTON GROWERS FACE CRISIS UNDER ECONOMIC PLAN

Guatemala City PRENSA LIBRE in Spanish 10 Mar 86 p 2

[Text] The national government and the national cotton council begin studies today to keep cotton fields from disappearing from Guatemala, according to the president of the latter, Francois Berger.

He said that the cotton sector feels that Guatemala will no longer export the white fiber as a result of the new government economic program.

Berger added that the new economic measures take the profit out of growing cotton for export because international prices have gone down but the farmers will have to pay more for supplies on the bidding market (at 2 quetzales, 50 centavos, per dollar). He added that Guatemala is about to lose a source of foreign currency that has brought the country \$81 million a year and has been a means of subsistence for more than 200,000 people in the rural area.

Berger added that the crisis of the cotton sector was explained last Friday at noon to: the vice president of the republic, Roberto Carpio; the minister of agriculture, Eng Rodolfo Estrada; the minister of economy, Dr Lizardo Sosa; and the minister of finance, Dr Rodolfo Paiz Andrade.

It was pointed out that this first meeting resulted in an agreement to begin a series of analyses this Monday on the danger to this agricultural activity.

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CSO: 3248/412

GUATEMALA

GOVERNMENT ENCOURAGES PRODUCTION OF PHARMACEUTICALS

Guatemala City PRENSA LIBRE in Spanish 18 Mar 86 p 9

[Text] Yesterday deputy Carlos Gonzalez Quezada, chairman of the public health committee of the legislature, reported: "In the first half of April, we will present a bill to the legislature to lower the price of pharmaceuticals."

"First we studied the entire situation that has affected the production and marketing of pharmaceuticals in Guatemala and the existing legislation which is anachronistic and does not meet current needs.

"The committee's bill will give foreign currency to pharmaceutical manufacturers on a one-to-one basis with the dollar so that they can import raw material to produce 276 generic products for domestic consumption, not for export.

"They will have to obtain foreign currency on the market at 2.5 to 1 or on the open market to produce exportable pharmaceuticals.

"This type of generic product will be used to meet the needs of the Ministry of Public Health and the IGSS [Guatemalan Social Security Institute]. They will not be given to the private pharmacies for sale. The producer must give them directly to the pharmacies."

Otherwise, the state would have to establish state pharmacies that would not compete with private initiative. This will reduce profits.

"In addition, the VAT will be removed and there will be incentives through new mechanisms for products that are not produced in Guatemala. Therefore, only very specialized pharmaceuticals will have to be imported.

"This law will be new because when pharmaceuticals are mentioned, people think they only mean pills, syrups, etc. We are going to include basic elements like surgical suture materials, gauze, and certain elements for odontology. We are also going to establish effective quality controls."

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CSO: 3248/413

GUATEMALA

GRAIN HOARDING CHANGES IMPORT PLANS

Guatemala City PRENSA LIBRE in Spanish 18 Mar 86 p 14

[Text] The minister of agriculture, Eng Rodolfo Estrada Hurtarte, said: "Many hoarders of basic grains were discovered. The government will apply the law against this crime through the courts of justice."

"This ministry and INDECA [National Institute of Agricultural Marketing] planned to study imports of basic grains and to solve the shortage problem noted recently.

"However, the solution or, rather, planned imports had to be stopped because it was discovered that many of the producers and sellers of basic grains were hoarding. At this time, figures cannot be given on what was discovered or on planned imports because of the follow-up."

The minister of agriculture said: "It is known that there are more hoarders who can no longer hide their product. The strategy of the authorities is to leave enough time to discover them. Then an inventory will be made of what we have and what must be imported."

He concluded: "Hoarding is a crime that must be punished by the courts of justice. This will establish a precedent and our consumers can buy the basic grains at a lower price, whether marketed by INDECA or on the local market. When there is plenty, the price tends to go down."

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GUATEMALA

ESTRADA STATES CONTRABAND CAUSE OF MEAT SHORTAGES

Guatemala City PRENSA LIBRE in Spanish 18 Mar 86 p 16

[Text] Yesterday the minister of agriculture, Eng Rodolfo Estrada, told journalists: "As an official, I have to recognize that there is a vast amount of cattle smuggling from our country to neighboring republics. This is the main cause of the meat shortage."

"I also want to say that this ministry does not control smuggling. Its function is to regulate production. The Ministry of Government, through the Treasury Guard, has the duty to control not only cattle smuggling, but smuggling of other products.

"In order to consolidate this, a council has been established with a representative of the Ministry of Government, the director of the Treasury Guard, the deputy minister of economy, cattlemen, and meat suppliers and retailers to find a permanent solution to this problem.

"This council will meet today at 9 am. We hope to reach conclusions to resolve the problem of prices that have risen without authorization from the Ministry of Economy and to learn why the suppliers sell the product at higher prices to the butcher shops.

"We recognize that progress has been slow, but it only looks that way. We could not divulge the investigations done. The meeting today should produce solutions to this serious problem of meat which is part of the family market basket."

The official said: "We feel that there will be a firm and concrete response to the high meat prices by noon. We hope that the parties involved will be satisfied with the dialogue and the formula that will be adopted so that the consumers do not pay a higher price for meat."

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19 June 1986

GUATEMALA

FEGUA IN CRISIS, NEW CONSTRUCTION SEEN SOLUTION

Guatemala City PRENSA LIBRE in Spanish 16 Mar 86 p 9

[Article by Alvaro Galvez Mis]

[Text] The construction of a railroad line to the northern part of Peten and the possibility of building a dry canal between the Pacific and the Atlantic have been proposed to the central government by officials of the Guatemalan National Railways (FEGUA) as the only way for this entity to survive in view of the severe crisis it is undergoing at all levels.

The firm currently owes 51 million quetzales, and the future looks bleak and discouraging. Its rail system is deteriorated, it is losing customers steadily, it needs a 4-million-quetzal subsidy to keep going, and there is no prospect for positive change.

Douglas Gonzalez, supervising manager, and Alberto Compagniac, assistant manager, gave a press conference yesterday with their principal advisers. There they revealed a gloomy picture of the enterprise's prospects.

They stated, for example, that FEGUA must deal with a severely deteriorated and obsolete infrastructure and equipment, outdated technology and administrative practices, failure to meet objectives due to inefficiency and a lack of confidence in the service, lower revenues and higher expenses, a lack of systematic investment, and the indifference of previous governments. The result of all these factors has been technical and economic collapse.

The firm's debt can be broken down as follows: various accounts due, 2.4 million quetzales; employer's contribution to the Guatemalan Social Security Institute (IGSS), 3.9 million quetzales; to the central government, 28.1 million quetzales; to a Canadian firm, 9.1 million quetzales; to the Bank of Guatemala, 4 million quetzales; and 3.2 million quetzales owed to employees.

It should be added that the Canadian firm is also owed the dollar value of 10 new locomotives which have been idle for 4 years, although they can be used, because they are of the wrong gauge for the Guatemalan rail network.

FEGUA officials indicate that if the company were to cease operating, among the consequences would be the temporary suspension of the export and import of

banana, coffee, sugar, cardboard, and other products (considering that the railroad transports goods at much lower prices than trucks do).

This would also have a negative impact on the stabilization and recovery of the economy. The railroad would cease to be of strategic value in emergencies or contingencies, and more foreign exchange would have to be spent to purchase automobiles for highway transportation. Existing highways would have a shorter useful life because of the increased density of traffic, while environmental pollution would worsen, the risk of accidents would rise, and unemployment would become more prevalent among railway workers, suppliers, and private individuals who depend on this institution.

Possibility of Improving Service

The FEGUA directors, in their struggle for survival, have dusted off two old projects which have been kicking around for several years. The first consists of building the so-called dry canal to link the two oceans, Atlantic and Pacific.

The second involves expanding the rail network to northern Peten, a total of approximately 200 kilometers. They recalled that this small branch would be of vital importance to the country, considering that Peten has become the principal source of staple foods. At present, the lack of highways means that products rot because they cannot be brought to market in the rest of the country.

The FEGUA supervising manager met last Friday with the directors of the Peten Association (ASOPET) to explain to them the firm's plans for contributing to the development of that vast and isolated department.

According to the statistics, Peten now produces a total of 5 million quintals of corn, 3 million quintals of beans, 3.5 million quintals of rice, and 10 million squashes, without taking into account the production of shate, chicle, pepper, wood and other resources that must be transported by truck at rather high prices.

Moreover, passenger service could be introduced, which would reduce the need for air service and therefore the number of fatal plane accidents. Today it costs 30 quetzales for a round-trip fare by van, and 120 quetzales for commercial airfare. This is too high a price for most Peten residents to pay.

FEGUA sees this possibility as the most feasible way to incorporate Peten into the rest of the territory, because it is reasonably cheap.

With regard to the dry canal, cargo coming from and going to countries between the two oceans could be transported this way. It could even be competitive with the Panama Canal.

For these projects the firm has asked President Cerezo's authorization to call for international bidding in Canada, France, Japan, and the United States, where there are undoubtedly corporations that could carry out the project.

The new train does not need to be electrical or supermodern, like the ones in Europe or the United States, but it does need to be better than those currently in use in the country.

FEGUA does not know how much the entire project could cost, but it estimates that it will pay for itself, and will be of great importance to national development. At any rate, the central government will have the final say on the matter.

8926

CSO: 3248/411

GUATEMALA

CAN DELEGATES ELECT DAWE SECRETARY GENERAL

Guatemala City PRENSA LIBRE in Spanish 6 Apr 86 p 3

[Text] Dr Hector Mayora Dawe was unanimously elected as secretary general of the Nationalist Authentic Central (CAN) at the first general assembly of the party. Present at the meeting were two former civilian presidential candidates and many delegates from areas throughout the country.

At the meeting the ideological principles of the CAN were also approved, and the members of the National Executive Committee were chosen, in addition to the members of the Political Council.

During a press conference held after the end of the assembly, Dr Mayora Dawe indicated that the meeting marks a further step in the political life of the CAN. He said that the party has a vision of the future involving collaborating in the implementation of the ideals of improving Guatemala in all of its aspects.

He added that at the present time we support the desire to give Guatemala what is best to achieve its political, economic, and social development. Our principal objective is to fight in the civic sense for the welfare of our fellow citizens.

He added that at present the 7.5 million Guatemalans are plunged in a deep crisis, from which they will only be able to emerge through the application of a healthy policy of social development, which can provide them with a more human and decent life.

The National Executive Committee includes architects Julio Lowenthal and Gustavo Anzueto Vielman, the latter of whom is a former presidential candidate. It also includes Ricardo Castillo, Arturo Alvarado, Randolph Guillen, Julio Cesar Aguilar, and Blanca Sandoval de Flores. Dr Manuel Flores Hernandez, Dr Ernesto Berger, and Dr Gustavo Contreras were elected substitute members of the committee.

The Political Council of the CAN is presided over by Dr Mario Aguilar Arroyo. Its members include Mario David Garcia, a former presidential candidate; Ernesto Berger; Manuel Flores; Carlos Molina Mencos; Maria Elena Lara; Carlos Valverde; Gustavo Contreras; Carlos Cossich; Roberto Perez Guisasola; Hector Davila; and Carlos Lemus Gallardo.

Dr Danilo Parrinello, the outgoing secretary general of the CAN, said that the general assembly of the party was an example of how a meeting of this kind should be held, provided that democracy and harmony prevail.

He added that another important matter was the presence at the meeting of two civilian presidential candidates who took part in the last two general elections. They demonstrated their love for the party and the fact that they have no personal ambitions.

For his part architect Anzueto Vielman expressed his satisfaction over the opportunity to participate in the reorganization of the party, since it is a significant political body for the development of the country.

At the conclusion of the meeting refreshments were offered to the delegates who participated in the first general assembly of the CAN, which had been called together in the framework of the country's laws.

5170

CSO: 3248/437

GUATEMALA

RIVAS UNANIMOUSLY ELECTED PID SECRETARY GENERAL

Guatemala City PRENSA LIBRE in Spanish 7 Apr 86 p 4

[Text] Doctor Oscar Humberto Rivas Garcia was unanimously elected secretary general of the Institutional Democratic Party [PID] at a national assembly held by the party at its headquarters on 5 April.

Several lists of candidates were presented at the party assembly, but the same people appeared on all of them, so that the election was not difficult to arrange, as all agreed that Doctor Rivas Garcia would be the secretary general.

Attending the assembly were political leaders of other parties, such as Engr Jaime Caceres Knox and Dr Juan Carlos Simons, of the MLN [National Liberation Movement].

When he was sworn into office by Adan Herrera Lopez, the president of the Political Council of the PID, Dr Rivas Garcia promised to promote the ideals of the party.

Rivas said: "We hope to protect the destiny of the Guatemalan people, since the path which we are following is no secret, when the guerrilla commanders walk around here as if they were in their own homes, as in the case of the Latin American Parliament session, with the complicity of those who open their doors to them, which they won't be able to close off to them tomorrow."

He stated: "Therefore, the gesture of loyalty demonstrated by the basic levels of the party has significant value and greater legitimacy."

Rivas Garcia continued, saying that we cannot remain indifferent, letting things happen when, in the name of democracy, our people are sinking deeper every day in disorder, the abuse of our sovereignty, and the failure of the government to act. Our people want food, because they are dying of hunger.

He said later in his speech that we cannot keep silent in the face of the soothsayers of the people who "are destroying us," little by little. Nor can we speak of democracy in a country without law and without security.

Rivas Garcia added that decency, patriotism, fair play, and loyalty to real, democratic principles and the cause of truly civilized, political coexistence

are values of little importance to those who now hold the future of the nation in their hands.

He continued, stating that there cannot be any really all-American posture in the Contadora Group, which asks for non-intervention and no use of force against a country like Nicaragua, which has now been taken over by and made a vassal of the Soviet empire.

Rivas Garcia added that in view of this very gloomy panorama, we must add the state of desperation and death facing the Guatemalan people, sunk in their own misery and ignorance, due to unemployment resulting from a lack of jobs. They don't have the least opportunity to aspire to their own development.

In ending his speech Rivas Garcia stated that the challenge which history has placed before the members of the PID is a decisive one. Guatemala is faced with the prospect of a dictatorship with unpredictable consequences, which requires us to join together our efforts to achieve peace, justice, and absolute respect for the law.

5170

CSO: 3248/437

GUATEMALA

MLN REELECTS SANDOVAL SECRETARY GENERAL

Guatemala City PRENSA LIBRE in Spanish 17 Mar 86 p 3

[Text] Guatemala City, 17 Mar--Mario Sandoval Alarcon was elected secretary general at the first national assembly of the MLN [National Liberation Movement] yesterday. He stated: "Some criticized the decision to re-elect me secretary general of the party. However, this decision was a security measure so that this party is not sold to foreign or personal interests by those to whom national sovereignty is nothing more than merchandise for individual profit."

At party headquarters, Sandoval Alarcon told delegates from the interior of the republic: "I can assure you and promise you that it is not my intention to perpetuate myself in this position nor do I aspire to a new presidential candidacy. I have held the highest positions in the nation with pride, satisfaction, and dignity."

He said: "My intention is to maintain, at all costs, the unity of our party and of the modern and progressive right. Like all the old liberationists, I want to share my 43 years of political experience with that new blood that enriches the MLN today."

Handed Over to the Youth

Referring to the future of the party, he stated: "With faith in God, the fatherland, and freedom, I want to bequeath to the youth of my country a defined political party with real ideological principles. This is what Colonel Carlos Castillo Armas bequeathed to me 32 years ago.

"I want to be the junction point with the new blood that will collect and carry out all our unrealized aspirations. It will put into practice the norms of the Tegucigalpa plan, the first document in Guatemala that proposed the application of real social justice." Finally, he said: "I want with my whole heart to leave the fate of our party in young, but firm and safe hands at the right time which is soon. These new generations are much more capable than we. One of their attributes should be their pride so that no one, like me, can call them traitors, thieves, or corrupt people."

Report Denounces \$100 Million in Corruption

The report that the provisional secretary general of the MLN presented to the departmental delegates harshly accused the de facto government. Among other things, it said:

"The corrupt military leadership headed by Mejia Victores' boundless ambition led to a change in the election process through the civilian self-defense patrols. At that time, we asked the manipulated and poorly named Supreme Electoral Court to summon the commanders of the military zones and patrol chiefs so that, under oath, they would repeat the instructions they received and imparted. However, this court did not have the fortitude, courage, and faithfulness to the law to heed our request, demonstrating that \$100 million invested in the entire election process could silence any protest. The job of this \$100 million was to put the primary political force of the country in fourth place."

7717

CSO: 3248/412

GUATEMALA

BRIEFS

MONTUFAR ASSUMES POST--Rodrigo Montufar Rodriguez, 33, was sworn in yesterday as second vice-minister of foreign relations in a ceremony at the Foreign Ministry. First Vice-Minister Francisco Villagran de Leon, who is in charge of the ministry at present, presided over the ceremony. The new vice-minister is an attorney and notary public who graduated from the University of San Carlos in 1976. He also received a doctorate in international mercantile law from Landivar University, and is a university professor. He has taken specialized courses in comparative and international financial law in Costa Rica and Spain. He is a member of the International Chamber of Commerce, headquartered in Paris, France, the national Bar Association, the American Bar Association, the International Fiscal Association, and the Guatemalan-German Chamber of Commerce and Industry. He also has other degrees, and has practiced his profession in Spain, Germany, France, Italy, Belgium, Luxembourg and other countries. [Text] [Guatemala City PRENSA LIBRE in Spanish 15 Mar 86 p 2] 8926

PREVENTING EMIGRATION TO CITIES--Dr Rene Calderon Guillen, economic adviser to President Cerezo and president of BANVI, announced that the government is proposing the creation of job opportunities in all cities and towns throughout the country in order to slow down rural migration toward the national capital. He said that within the framework of this effort it is intended in principle to create 75,000 jobs with an average salary of 80 quetzales, "which, in our view, will meet basic needs" for employment. Calderon Guillen estimated that the multiplying effect of these initial jobs would be positive and expressed the present government's desire to contain this problem, which is growing larger every day. He said that this is particularly important because it is necessary to satisfy the needs for housing, education, food, health, and so forth for the people who are packed into the capital. Studies regarding this project to retain people in the countryside are halfway completed, and the total content of the program will be announced in the next few months, together with the solutions proposed by experts on the matter who have been meeting at the Ministry of Development. In this planning group are representatives of the INFOM, the Secretariat of Economic Planning, BANVI, BANDESA, and other institutions in the public sector, together with a number of semi-public bodies. [Text] [Guatemala City PRENSA LIBRE in Spanish 1 Apr 86 p 6] 5170

CSO: 3248/437

HONDURAS

COHEP, AZCONA EXCHANGE VIEWS ON ECONOMY

Job Creation Top Priority

Tegucigalpa LA TRIBUNA in Spanish 18 Feb 86 p 6

[Text] Business leaders met yesterday with President Jose Azcona Hoyo, with the aim of arranging a meeting between private enterprise as a whole and the chief executive.

Asked about the proposed raising of the minimum wage, Jorge Gomez Andino, president of COHEP [Honduran Council for Private Enterprise], replied that it is more important to find jobs for the unemployed, inasmuch as those who are working are already receiving some income. Priority number one is the generating of jobs, "because that is the country's most pressing problem," and on this point, COHEP and President Azcona are in agreement, he said.

"We need to put food on the table of those who have none," he said, reiterating that President Axcona is aware of the situation and shares this view.

He denied that the Honduran businessman is passive, stating that there are two types of busineeemen: The winner, who needs only the necessary rules in order to compete under suitable conditions, and the inept businessman, who is always after the government to resolve his problems for him.

In Honduras there is a bold and dynamic private business sector, he said, in that most of us businessmen "don't need any more than suitable rules to be able to compete under fair and reasonable conditions."

He clarified that he was not referring to the establishing of "rules of the game," but rather that "We want to see obsolete laws changed, to which end we have already submitted a package of laws to the National Congress that need to be reformed and created."

Responding to a question as to whether the executive body he presides is not "entreguista" towards the Government [servile to its policy views], he stated that, on the contrary, "We are independent, in that we do support it to some extent in all that is beneficial to the country; but we cannot become an appendage of it, because we are people who must work in freedom and in democracy," he concluded.

Panting, Gomez Andino Disagree

San Pedro Sula TIEMPO in Spanish 12 Feb 86 p 5

[Article by NL]

[Text] Tegucigalpa--The savings in foreign exchange resulting from the drop in oil prices on the international market, and the windfall from the rise in coffee prices, should be channeled into an industrial rebound, Dr Jorge Gomez Andino, president of COHEP [Honduran Council for Private Enterprise], suggested yesterday.

In an interview granted yesterday to a group of reporters in the capital, Gomez Andino expressed disagreement with Minister of Economy Reginaldo Panting, who, on Monday, stated that the savings resulting from reduced oil bills should be used to reduce the budgetary deficit.

"The budgetary gap will not be filled with that small amount," said the business leader.

He suggested that the foreign exchange surpluses due to flow into the country as a result of the precipitous drop in oil prices and the abrupt rise in coffee prices should be used to spur industrial recovery.

He added that, in the wake of the refusal by the BID [International Development Bank] to approve a \$40-million financing that the Government had requested, these surplus funds would be helpful to the importing of raw materials needed by the industrial sector.

The head of COHEP also expressed the view that, in lieu of the present system of signing oil purchasing contracts with the refinery, the Government should seek a flexible mechanism "that would enable it to pass on some of the benefits to the people."

Gomez Andino deplored the fact that the Economic Board is still not fully in place, in that, if it were, it would be the one to decide the best use to be made of the savings in funds that will accrue from reduced oil billings, and the revenues that will result from the rise in coffee prices.

"It worries us that the President has not as yet completed the appointments to the Economic Board," he said.

He recommended that part of the revenues from coffee sales be used to establish a fund for the coffee growers, and that a more severe control be placed on the funds to avoid the mistakes of the past, when such funds were channeled into the acquisition of luxury items.

Contraband Targeted

Tegucigalpa LA TRIBUNA in Spanish 10 Mar 86 p 67

[Text] The Government and Honduran private enterprise are seeking suitable mechanisms for controlling the contraband that enters the country through the different border points.

This fact took shape in the meeting held by the minister of finance and public credit, Efraim Bu Giron, with the executive committee of COHEP.

On this point, Jorge Gomez Andino, president of COHEP, stated that this first meeting also addressed aspects related to the reinvigorating of the country's productive sector.

As regards the issue of contraband, the business leader indicated that next week a committee will be named, consisting of governmental authorities, Security Police, and representatives of private enterprise, to draw up more drastic measures against tax evaders.

The Government and the business sector are both aware of the enormous damage being caused to industry and the national treasury by these anomalies, which therefore requires immediate action to eliminate them, said the spokesman for COHEP.

He acknowledged the interest the present Government officials have shown in eradicating the illegal trafficking in goods.

The businessmen and the minister of finance also talked about incentives to the banana companies when their exports exceed the target for a given year.

These incentives are necessary for all of that sector, which has excellent production, in order to ensure a profitable international market share for this production.

And lastly, both sides addressed proposed bills on customs laws and appraisals, and on customs duties, concerning which the businessmen are seeking several modifications that will be advantageous to the productive sector.

Price Control Rejected

Tegucigalpa LA TRIBUNA in Spanish 18 Feb 86 p 6

[Text] The president of COHEP, Jorge Gomez Andino, reiterated that this organization rejects the price control measures being applied in the country.

The business leader expressed the foregoing in referring to the demands of the Organized Workers Movement relative to increasing the minimum wage and the freezing of prices, stating that it supports only the first of these requests.

"As a matter of philosophy, free enterprise cannot be subjected to price controls, because, by definition, it is based on the free play of supply and demand," said Gomez Andino.

Also, he said, it has been proven that price control measures have never yielded effective results tending to stabilize or improve the economy.

Recommendations Outlined

San Pedro Sula TIEMPO in Spanish 13 Mar 86 p 3

[Article by TDG]

[Text] Tegucigalpa--The representatives of private enterprise submitted to the Government yesterday a document containing the sector's recommendations, proposals and suggested policy measures for stimulating the growth of the country's most important economic and social sectors.

The leaders of the 30 associations affiliated with COHEP met yesterday in the presidential palace for more than 3 hours with President Jose Azcona Hoyo, the president's staff, the members of his cabinet and the speaker of the National Congress, Carlos Orbin Montoya.

The proposals submitted to the Government by private enterprise on those aspects considered basic to achievement of the economic rebound and expansion of the social services being provided to most of the national population "are the product of a diligent and meticulous analysis of those aspects seen to be of the greatest importance in the economic, social and political life of the country," the document points out.

The businessmen view with major concern the social situation of the majority of the population, which has limited access to the advantages of health care, education and housing.

"These are the sectors requiring the greatest emphasis on the part of the public sector and the channeling of the greater part of revenues, to satisfy the cited needs, while, on the other hand, reducing the unnecessary spending of a very extensive public sector apparatus involved in activities that siphon off vast quantities of budgetary funds," they add.

One of the most far-reaching recommendations among those proposed to the Government by private enterprise is that the state must institute the policy of reducing its intervention in productive matters and leave

it to private enterprise to assume the role that pertains to it in this sector, thus enabling the Government to carry out its role in the social sectors and to regulate only the nation's overall economic activity.

Advantage must also be taken of the advances achieved to date to bring into being a new code of administrative procedures and to create a tribunal specializing in action under administrative law.

The state must also enforce austerity, reducing spending in the public sector, improving the collection and management of taxes, and contain the budgetary deficit.

"A sound fiscal policy must be backed by an expansionist monetary policy with respect to the private sector, with preferential interest rates on basic export activities," the document states.

The immediate industrial policy must be based on providing the best possible financial, technical and administrative incentives for the promotion of investments and the fostering of exports, by creating and supporting industrial export-processing zones, with a view to combating unemployment.

Private enterprise further recommends the introduction of reforms to all the laws or decrees concerned, so as to eliminate the present burdens they place on the importation of basic raw materials. "In this regard," the document states. "the law on agricultural development must be reformed with the object of improving it; and as for the income tax law, it must contain provisions enabling losses to be absorbed by future profits."

The businessmen also request the Government to enlarge its involvement in and the national budget for the education, health services and housing sectors, and to reduce its interference in the industrialization and commercialization of lumbering activities.

Other recommendations made by private enterprise include the bolstering of internal security and the maintaining of a policy of neutrality in the internal affairs and conflicts of other countries.

On the other hand, it recommends that justice be applied in general and in all its aspects, especially as regards the legal provisions of the Labor Code, and that the changes to this law and the projections with respect to increasing the minimum wage be made in keeping with the national reality.

It also recommends revising and reorienting the activities of state-owned institutions, controlling the rates and quality of services provided, and maintaining constant communication with the country's business and labor sectors from the standpoint of reorienting the nation's growth policy and strategy.

Lastly, COHEP requests that President Azcona Hoyo duly install the Higher Council of Economic Planning as an entity embodying all sectors of national public opinion to provide for a joint approach to problems of national interest.

Government Reacts Positively

San Pedro Sula TIEMPO in Spanish 13 Mar 86 p 13

[Article by TDG]

[Text] Tegucigalpa--President Jose Azcona Hoyo said yesterday that his Government agrees in large measure with the recommendations that private industry has made to bolster development in the country's most important economic and social sectors.

He indicated that unemployment and the improvement of health, education and housing programs are already being addressed in the Government's plan of action, which is already being implemented.

"We know where we're going, and we are already taking steps in that direction," he stressed, as he praised the Secretariat of State for Government, saying that it is staffed by "well-intentioned, diligent, capable and honest people, and that is the important thing."

As to the criticisms that his Government [as published], President Azcona stated that "My Government's policy has its genesis in the farming sector. Never has there been a more wide-ranging program than the one I have instituted."

He indicated that incentives for the productive sectors will be provided to the extent possible, and, in that regard, he said that his Government is already analyzing measures to resolve the problems of cotton farmers, sugar cane growers, lumbermen and cement manufacturers.

On the other hand, he said that "quite substantial" measures have been adopted to combat smuggling, and is asking the Honduran people to report these illegal acts.

In addition, he announced that specific instructions will be issued to customs inspectors that "There are no diplomatic passports, nor is there any category of person whose baggage cannot be inspected."

Steps will be taken against the shameful actions of U. S. troops in Comayagua.

Referring to reports of sexual abuse to which some minors have been subjected in Comayagua by U. S. military personnel, President Azcona Hoyo stated that "We are going to take steps as a sovereign country."

He said that he had been informed of that situation by various sectors, including the Armed Forces, and that depending upon the investigation that will be made to determine the truth of the reports, "we will take action."

He pointed out that the U. S. troops are under Honduran jurisdiction, in accordance with the agreements signed with the United States, and that Palmerola is a base that is under a Honduran commander.

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CSO: 3248/360

JAMAICA

CONSUMER GOODS PRICE CUTS HIGHLIGHT SEAGA BUDGET PROPOSALS

Major Features of Budget

Kingston THE DAILY GLEANER in English 2 May 86 pp 1, 3

[Text]

A "GOOD NEWS" BUDGET was presented to the nation last night by the Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga, as he announced price reductions in a wide range of consumer goods as the highlight of his speech opening the Budget Debate in Parliament.

Against the background of reduced oil prices, Mr. Seaga told the House of Representatives, the Government has an extra pool of \$106-million which will be used by the Government to reduce basic food prices to consumers.

"This is not a Government subsidy, but a redistribution of benefit by Government to ensure a fair share for consumers," he said.

Flour, codfish, sardines, cornmeal, eggs, pork, cooking oil, condensed milk, cement are among the items which will have lower retail prices as a result of this latest adjustment.

Mr. Seaga announced that the economic adjustments carried last year had created "buoyancy" in the economy, which, added to the wind-fall from the reduced price of oil, gave the Government a considerable increase in budgetary expenditure to tackle areas that needed to be tackled.

"The flow of investment, too, will sharply increase as big projects in the planning stage for months and, in some cases, years, begin to emerge," he said.

"The harvest will be richer from the vast extent of expansion of export crops we planted and nourished over the years to maturity: coffee, bananas, vegetables, rice, sorghum, fish, flowers, and plants.

"The mills and machines will greatly expand the production of garments and other products with the wider range of opportunities.

"The resurgence of Tourism will be all the more vibrant because of the vigour of new promotions, new accommodations and the shift in preference to this area.

"The resumption of activity in discontinued bauxite and alumina operations will re-invigorate the mining sector, and revive some of the ability of this sector to greatly improved earnings in foreign exchange."

Mr. Seaga spelled out the improved economic picture as follows:

The Budget deficit of 6.5% of GDP fiscal target for last year was successfully met. The out-turn was 5.75%. This year, the target is 4.9%.

This year, the operating cost of the country will be financed entirely from revenue, without loans, for the first time in ten years.

As a result of cuts in costs last year and the scale of new revenues, the Capital Budget has been doubled, from \$625 million to \$1,353 million. This will enable "serious attention" to be given to areas of neglect of the last ten or more years, as follows:

- \$200 million to improve 635 miles of roads,

- \$100 million to provide water to half a million people,

- \$175 million to promote Tourism,

- \$62 million to repair and build 173 schools,

- \$182 million for agricultural credit,

- \$13 million to improve markets,

- \$18 million to improve the courts and police stations, \$28 million to build and repair health clinics.

All these are record levels.

Mr. Seaga said Performance Budgeting, introduced last year in the Ministry of Construction, will be carried on this year.

Estimates of revenue and expenditure of the 21 major public enterprises and statutory corporations have been tabled for the first time. These include Jamaica Public Service Company, National Water Commission, Air Jamaica, Petrojam, Jamaica Railway Corporation, National Housing Trust, Jamaica Telephone Company.

Arrangements have been concluded to purchase Jamaica's oil requirements for the next three years at the present low prices to ensure that the economy will have the benefit of such prices for three years, even if oil prices increase during that time.

This will save the country this year \$596 million, of which \$355 million will benefit the revenues to assist in the financing of the Capital Budget and \$261 million will flow to the private sector.

The bauxite and alumina sector is being successfully revived. The Clarendon plant is operating at higher efficiency than during its operation by Alcoa, and Alcoa is now discussing resumption of operations there on the Government's terms.

As a result, production of bauxite is expected to increase from 6 million tons last year to over 9 million tons next year.

Tourism is set for vigorous growth this year. More airline seats are being negotiated, a surge in cruise-ship traffic is expected, and 1,000 new hotel rooms are to be completed this year.

Agriculture is on a path of positive growth. Production of winter vegetables will reach 85 million pounds, of exports this coming winter, with earnings of US\$34 million. Banana exports are to reach 40,000 tons this year. Rice production is expanding this year to 13,500 tons.

This year, the manufacturing sector is poised for "meaningful growth on many fronts." Trade with Trinidad and Tobago will improve. The export market to third countries has been assisted by new programmes to promote sales.

The export market for garments continues to boom, with 54 factories currently in operation, employing 17,000 workers. This year it will expand by a further 9,000 workers. Foreign exchange earnings will total US\$52 million this year.

Mortgage financing will ease with a fall in interest rates, and a new mortgage certificate issued by National Housing Trust will allow middle-income contributors to borrow some of their mortgage requirements from the Trust.

The Government will divest major commercial assets to the public through the stock market. The cat-

egories to be divested are banks, hotels, industrial and agricultural undertakings, commencing with National Commercial Bank and some hotels this year.

Agreement has been reached with the International Monetary Fund that the mandatory savings rate will be reduced from 20% to 16% this year. This will take effect on May 4. The Bank of Jamaica will reduce the liquid assets ratio of the commercial banks from 44% to 35%.

These two actions together will reduce interest rates.

Mr. Seaga also announced "positive developments" in the areas of Education and Youth.

Finally, on the economy, he said it has turned the corner. The target this year is to turn around the economy from minus 4.7% last year to a positive 5.5% this year, which if achieved would be the highest rate of growth since 1965 — 21 years ago.

Bauxite Revival Forecast

Kingston THE DAILY GLEANER in English 2 May 86 pp 1, 3

[Text]

A revival of the bauxite industry was predicted by Prime Minister Edward Seaga as he opened the Budget Debate in the House of Representatives last night.

The Prime Minister told the House bauxite production could increase from 6.2 million to seven million tons this year, moving to nine million tons next year, restoring 1,000 jobs and boosting gross foreign exchange earnings to US\$145.7 million tons by next year.

Mr. Seaga also announced that Alcoa, on seeing the excellent performance record at the Clarendon Alumina Plant (CAP), had now signified a "strong interest" in returning, and discussions were "very advanced" between the company and the Minister of Mining.

He said that, in this instance, the Government would be bargaining from a position of relative strength and its terms were:

(i) substantial ownership of the plant;

(ii) a guarantee that it will be kept at full production, except for very unusual circumstances;

(iii) Alcoa to purchase from BATCO (Bauxite Alumina Trading Company) bauxite for export, resuming the use of Jamaica bauxite for its American plants which it ceased to do several years ago.

Another significant development Mr. Seaga mentioned was a new revenue regime, which he said was being worked out to replace the existing levy which had outlived its usefulness and was now increasingly a deterrent to the continuation, let alone the expansion, of existing production.

The proposed new arrangement would have two features: a prescribed payment for bauxite mined, and an income tax on profits.

The two combined would have the effect of yielding revenue which presently would compare favourably with the current performance of the levy.

He said that negotiations had been held with Alcan on the basis that conclusion of a new regime to replace the levy, would make possible the resumption of production of the second kiln at Ewarton. Those discussions were uncompleted.

"There is even more good news for the bauxite and alumina sector," Mr. Seaga said. "Negotiations have also been proceeding on resumption of another segment of the industry which has ceased to operate, which would lead to substantially increased tonnage."

"The result of all these negotiations and discussions is that bauxite production could increase by 870,000 tons this year to a level of seven million tons (up from 6.2 million tons in 1985), increasing to over nine million tons the following year.

"These initiatives are projected to boost gross foreign exchange earnings this year by US\$66.7 million and next year by US\$145.7 million. The resumption will restore 1,000 jobs in the mining sector.

"There is no doubt that the bauxite/alumina sub-sector, after three years in a state of collapse, is now once again showing signs of resuming the vigour and leadership role it once played in the Jamaican economy over the past 15 years. Not so much because of a strengthening of the market, but more so because of the aggressive and innovative strategies employed by the Government.

"I need hardly remind anyone that the worst recession in 50 years, com-

mencing in 1983, had a severe impact on world demand for bauxite and alumina. The result was a dramatic fall in production to some 6.2 million tons in 1985, roughly one-half of the level of 1980.

"Along with the fall in production, there was a corresponding reduction by almost one-half in export earnings, from US\$742 million in 1980 to US\$443 million in 1984, with further slippage to US\$289 million last year."

He said that the Clarendon Alumina Plant of Alcoa, in Halse Hall, Clarendon, was taken over on a lease basis by the Government to ensure operations and protect the jobs of the workers as well as expressing the Government's faith in this "life-line" industry.

Since the commencement of operations last August, the plant quickly moved from an annual production rate of 250,000 tonnes (metric) annually, to 650,000 tonnes, within six months, and plans were already formulated to move production to the maximum level, which is as close as possible to the 800,000 tonnes capacity.

Mr Seaga said that the most outstanding achievement here was perhaps that the production costs in the plant have been running at record low levels.

As a result it was expected that the company would, in its second year of operations, show a profit of some US\$10 million before levy.

"The Board, management and staff are to be highly commended on the excellent performance of the company in its first year. Commendations are also due to the Minister of Mining for his vision, leadership, promotion and sales strategies which gave the plant momentum and production boost," Mr Seaga said.

Rejection of Tripartite Plan

Kingston THE DAILY GLEANER in English 2 May 86 pp 1, 3

[Text]

Government has rejected the recommendations of the 'fresh look' tripartite mission and opted to follow its own path to generate economic growth, Prime Minister Seaga said last night.

The report of the IMF/World Bank/USAID team was disappointing, he said, and "not in keeping with the directions in which we must now move."

In his Budget Debate opening Mr. Seaga said: "Since 1972, there has been little growth in the economy. Throughout the 1960's there was strong, healthy growth year after year.

"From 1972 to 1980 there was negative growth in every single year. Growth resumed in the 1980's but last year was negative, as forewarned. The out-turn was -3.7% for the calendar year or -4.7% for the fiscal year. Both these figures were less than the -4.5% to -6% level originally forecasted.

"The forecast for negative growth last year was based on the planned and announced intention to deflate the economy, cutting cost by \$258 million in Central Government, and pushing interest rates to levels above 30%.

"With that period of painful adjustment behind us, we must now shift to the next phase of our strategy — to use these resources to build a sustainable level of meaningful growth.

"This year, the projections indicate 5.5% positive growth of the economy for the fiscal year, the strongest growth in 21 years.

"However, switching from a policy of deliberate deflation of the economy to one of significant growth, requires new investment and a fresh look by the institutions that have participated in providing investment flows to Jamaica: The IMF, The World Bank and USAID. It was for this reason that I invited a tripartite team of the three organisations, called the fresh look mission, to review strategies as a part of the timely shift from deflation to growth.

"The 'fresh look' mission submitted an interim report only two weeks ago. In the main, it was disappointing in that it recommended more of much the same strategies of the past — deflation, devaluation;

smaller capital budgets; reduction of expenditure by the public entities, such as the utilities which provide power and water; a continuing programme of cost-cutting and redundancy. "The result of these further adjustments recommended by the mission would result in zero economic growth this year, followed by 1% next year and 2.5% in year three, contrary to a basic objective of the mission which was to review policies so as to stimulate meaningful growth.

"We have told the fresh look mission that these recommendations are not in keeping with the direction in which we must now move the economy after suffering many years of essential but painful adjustment through devaluations, redundancies, cost-cutting and other measures to strengthen the competitiveness of the Jamaican dollar and to mobilise the resources required by Central Government to carry out the urgent programmes of work which only Central Government can do.

"In other words, having obtained the desired level of competitiveness for our exports, and the resources we

Exchange Rate Stabilization

Kingston THE DAILY GLEANER in English 2 May 86 p 1

[Text]

Government has moved to significantly ease monetary policy and maintain exchange rate stability.

In his Budget presentation last night Prime Minister Seaga announced a wide range of measures to reverse the high interest rate and tight credit policy of the past two years.

The measures are estimated to effectively reduce commercial banks lending rates by between 5 and 7 percent, depending on the particular bank.

Interest rate on savings deposits will be reduced by 4 percentage

points from 20 percent to 16 percent on Monday, May 4. The liquid assets ratio maintained by the commercial banks is being reduced by 9 percentage points to 35 percent from its present level of 44 percent.

Commenting on the new measures the head of a large commercial bank said: "An off-the-cuff estimate is a minimum 5 percent reduction in the banks' lending rates."

In addition, Government is earmarking \$100 million additional funds for the productive sectors on a revolving basis through the re-discount window of the Bank of Jamaica. This amount will be lent to

commercial banks initially at a rate of 22.5 percent, with the rate being reviewed monthly. Agriculture gets \$55 million; Tourism--\$15 million; Manufacturing--\$15 million and Construction--\$15 million.

Prime Minister Seaga also announced that Government intends to ensure relative stability in the exchange rate. He said "Exchange rate stability is a major policy objective given its importance to businesses and the growth process during the year." He added that "The exchange rate is expected to remain stable this year at J\$5.50 to US\$1.00."

Warning From PNP

Kingston THE DAILY GLEANER in English 30 Apr 86 p 3

[Text]

A WARNING that the people should not be deceived by this year's "election budget", was given on Tuesday by the People's National Party's spokesman on Finance, Mr. Seymour Mullings.

Mr. Mullings also called on the Government not to proceed with the imposition of additional taxes this year in light of the windfall arising from the dramatic fall in oil prices, and the fact that there would be a surplus on current account.

"I warn Jamaicans not to be deceived again. This budget which Seaga is going to present is an election budget," Mr. Mullings told a packed Wyndham Hotel ballroom at the Party's monthly People's Forum.

Mr. Seaga proposed, he said, to increase government expenditure by 22.9 per cent to a total \$5.8 billion, most of which would be allocated to Capital Expenditure, including \$200 million on roads.

"I want Mr. Seaga to understand that \$200 million of road work cannot buy election. No matter what the size of the pork barrel, it cannot save Seaga. It is too little, too late," he declared.

Mr. Mullings said that the budget had been reduced to a farce in recent years as he outlined several instances of cutbacks after the estimates were announced.

He noted that the country hobbled on with no sector escaping the pain brought by the Government's monetary policies: unemployment grew, malnutrition grew,

schools were closed, hospitals were closed, businesses were collapsing, and the cost of living rose to dizzy heights.

Mr. Mullings said that 1985 was marked by the absence of development programmes in Jamaica, and in the first six months of the financial year, capital expenditure was seven per cent of total expenditure.

As soon as the calendar year broke, Mr. Seaga slapped a \$73.5 million tax package on the Jamaican people, he said, adding that the Prime Minister also announced that in Financial Year 86/87, additional taxes of \$495 million would be imposed.

"There is a public outcry against the record taxes being levied on us, and Mr. Seaga makes the utterly preposterous statement that the \$73.5 million tax package has nothing to do with increasing revenue, but rather is aimed at taking money out of circulation and to defend the value of the Jamaican dollar," Mr. Mullings said.

He noted that all the new taxes imposed by Finance Ministers since 1944 did not amount to the taxes imposed over the past three years — over \$1 billion in additional taxes, under the one-party Parliament.

Listing 20 different areas of taxes that had been imposed, he said the Estimates of Expenditure tabled on April 3, called for Recurrent Expenditure of \$3.6 billion and Capital Expenditure of \$2.1 billion, totalling \$5.8 billion.

He said the Recurrent Expenditure of \$3.6 billion was \$357 million larger than that of 1985/86 and on the other hand, Recurrent Revenue had been growing substantially. Between 1983/84, it grew by \$639 million, and between 1984/85 and 1985/86, it grew by \$713 million, according to Mr. Mullings.

The very modest increase in Recurrent Expenditure this year over last year of \$357 million would indicate that there could be a surplus on Current Account in 1986/87 without any new taxes, he said.

"The taxpayers in this country have been mauled in recent years and need a break. The PNP therefore calls upon the Government not to proceed with the imposition of additional taxes this year," Mr. Mullings said.

He said he made the call against the background of the dramatic fall in oil price and the surplus on current account this year.

Noting an increase in capital expenditure for the 1986/87 financial year, Mr. Mullings praised the Gov-

ernment for what he called a movement in the right direction. However, this gave a clear signal, he said, that the Government proposed to go along with Parish Council elections this year.

He drew attention to the increasing public debt charges and blamed devaluation of the dollar for this increase.

On the economy, Mr. Mullings said despite the "tired promise" that the economy had started to recover, it declined in virtually all sectors in 1985, falling in real Gross Domestic Product (GDP) to between minus 4 to minus 5 per cent.

He freed the Government of blame for the drop in demand for bauxite and alumina, but said it must be held responsible for the performance of sectors. Government's "misguided and chaotic" devaluation, interest rates and Caricom trade policies had simultaneously compressed the domestic market and destroyed Caricom as an outlet for locally made goods.

Mr. Mullings was critical of the Government's performances in tourism, construction and the agricultural sectors.

"Seaga promised economic recovery and prosperity through a programme of change without chaos. Instead, there has been economic paralysis in the economic sectors and total destruction in the social sectors," he said.

Also speaking at the forum were Chairman, Mr. Carl Rattray and General Secretary, Dr. Paul Robertson.

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CSO: 3298/447

JAMAICA

JDF CRACKS RACKET CARRYING STOWAWAYS TO U.S.

Kingston THE DAILY GLEANER in English 1 May 86 pp 1, 3

[Text] The Jamaica Defence Force Coast Guard on Tuesday cracked what has been described as a "human smuggling ring" taking Jamaicans from Port Royal in east Kingston to the United States.

They held 13 Jamaicans trying to stowaway on a ship going to New Orleans, three of them teenagers.

Port Royal sources said this had been going on "for years."

Discovery of the 13 on Tuesday followed on 14 Jamaicans being held in Florida by U.S. immigration authorities on Sunday on a boat taking Coney Island equipment from Montego Bay. They have been ordered deported.

The 13 appeared in the No 2 Sutton Street R.M. Court yesterday and pleaded guilty to a breach of the Marine Act. They were each fined \$20 or ten days imprisonment.

Two of the youngest accused were put under voluntary social supervision.

The stowaways, all of Corporate Area addresses, are Lanceford Gayle, 30, Patrick Burton, 20, Dorrel McKenzie, 17, Richard Herron, 17, Donovan Brown, 22, Paul McKenzie, 25, Roy Meade, 30, Claude Sutherland, 35, Ransford Grey, 30, Fitzroy Bennett, 27, Melvin Curry, 20, Clancy DaCosta, 20, and a 14-year-old.

The Resident Magistrate, Mr Rupert Lopez, said he had heard hard luck stories, but they should use the "right channel" next time.

Clerk of Courts Miss Donnaree Banton asked that in sentencing the accused a no-fingerprint order be made against them, which was granted by the R.M.

Attorneys Messrs Bunny McLean and Michael Williams, acting as amicus curae (friends of the court) for the accused who were unrepresented, made pleas of mitigation for them.

Some of the accused addressed the court and said they had done what they did because of economic circumstances.

One said he had been made redundant after working with a construction company and had got only \$500.

Another said he was trying to raise goats and all had been stolen, leaving one.

Two said they were high school students and another said he had to work to find bus fare to school and support his parents. He washed cars and did odd jobs to get money.

One who graduated from high school in 1983 said he had written to several places for jobs, but without success.

The 14-year-old said he was doing odd jobs, like washing cars, to get lunch money to go to school.

The Coast Guard told the Gleaner that on Tuesday around 7.25 a.m., the captain of m.v. Gulf Stream radioed that the ship was half-mile southeast of Plumb Point Lighthouse, Port Royal, when a rubber boat came alongside and put stowaways aboard.

The Coast Guard vessel, Holland Bay, rendezvoused with the Gulf Stream and took the 13 stowaways off the ship.

They were taken to base at Port Royal and handed over to the Marine Police.

/9317

CSO: 3298/447

JAMAICA

EXPORTERS REPORT PROGRESS IN OPENING TRINIDAD MARKET

Kingston THE DAILY GLEANER in English 30 Apr 86 pp 1, 3

[Text]

Opening up of the Trinidadian shoe market and relaxation of trade restraints have been reported by the Jamaica Exporters Association which visited that country earlier this month.

The shoe market will be open to 100,000 pairs of leather-uppered footwear. There will be gradual relaxation of official restraints placed on trade through exchange control orders and trade licences by that government.

This will be a direct result of the Expojam trade and goodwill mission of the JEA which visited Trinidad and Barbados over the period April 12 to April 19.

According to Mr. Claude Clarke, JEA president who led the mission, "Significant headway has been made by this mission to clear the way for substantially increased trade with Trinidad and Tobago, and to renew the cordial and friendly consensus we share with the private sector in Barbados and Trinidad in taking mutual action on problems of regional significance."

A release from the JEA quoted Mr. Clarke as also saying "our meeting with the Hon. Wendell Mottley, Minister of Commerce, Industry and Consumer Affairs, in Port of Spain, and the discussions held with officers of the Trinidad Central Bank cleared up a number of areas of misunderstanding. We were pleased, too, that

the Minister agreed with, and accepted the need for, smoothest and speediest implementation of the bilateral understandings aimed at encouraging trade within the region."

Mr. Clarke reported that in both countries it had been pointed out that Jamaica had abandoned its licensing system and that while Jamaican exporters understood the circumstances contributing to the implementation of licensing and exchange control measures, it was essential for restrictions to be removed as quickly as possible if health were to be restored to trading practices in Caricom.

A number of outstanding problems affecting Jamaican exporters were dealt with during the discussions, including assurance that mattresses and bedding exported from Jamaica would be placed under no restrictions, that action was being taken to increase access to the Trinidad and Tobago market for Jamaican tyres by applying more equitable tariffs, the possible removal of restrictions on sugar-based products, and investigation of problems with appliance exports from Jamaica to clear up difficulties reported by Jamaican exporters.

At the conclusion of the discussions, in which Mr. Paul Thomas, President of the Jamaica Manufactur-

ers' Association, participated, the members of the mission thanked Mr. Mottley for his sympathetic hearing, while the Minister stated his agreement that it was desirable to move towards removal of restrictions on trade as soon as circumstances made it possible.

In both Trinidad and Barbados, Mr. Clarke issued invitations to the local private sector organisations to undertake early trade missions to Jamaica, invitations which were accepted in both cases, the release said.

Other matters dealt with on the mission were discussion of a proposal to providing opportunities to Jamaican exporters, whose product are disputed in Trinidad, to be informed of the problems so that they can be dealt with.

Mr. Clarke said during discussions with Mr. Mottley it was suggested that the 12% stamp duty on CARICOM products be removed and that the Minister's reaction was favourable. The concept of twin-plant operations within CARICOM to achieve production experience and econ-

omies was also accepted in principle.

"Concern was expressed, in discussions with officials in Barbados, at the reduction of exports to Jamaica, which was attributed to loss of interest by Barbadian exporters in the Jamaican market. It was pointed out that all of the difficulties formerly faced had been removed," Mr. Clarke said.

The release also said Barbadian officials were also told that it was desirable that greater levels of protection were needed for CARICOM producers of goods adequately available in the region.

Private-sector consensus was achieved on action to revise CARICOM Rules of Origin to prevent superficial "screw-driver" manufacturing from duty-free access at the expense of genuine regional production. The need to resuscitate the CARICOM Multi-lateral Clearing Facility by injection of funding from the U.S.A., Canada, EEC or Japan was also accepted as a means of stimulating regional economic growth.

/9317

CSO: 3298/447

JAMAICA

PARLIAMENT TOLD OF SIX MONTH INCREASE IN UNEMPLOYMENT

Kingston THE DAILY GLEANER in English 2 May 86 p 3

[Text]

UNEMPLOYMENT INCREASED BY 6.4 PERCENT in the six months between April and October 1985, according to the Labour Force, 1985 statistics tabled in Parliament yesterday.

...This resulted in an increase in the unemployment rate of 1.1 percentage points from 24.4 percent in April to 25.6 percent in October 1985. The number of persons who became unemployed during the period amounted to 16,100 persons.

Agriculture, Manufacturing and the Commercial sectors have increased their share of the labour force, while the Public Sector recorded a significant fall from 13.0 percent of the labour force in October 1984 to 10.8 percent in October 1985. Agriculture on the other hand increased its share of the labour force to 31 percent compared with 28.1 percent the previous year.

...As in previous years women made up the greatest portion of the unemployment. The number of females unemployed in October 1984, accounted for 67.5 percent of the total, declining by 1.3 percent by October 1985.

However, over the 12-month period ending in October unemployment rates among females moved from 36.5 percent to 36.7 percent. The

latter rate was 1.4 percent higher than the rate in April 1985. The same pattern existed for males, with unemployment rates of 15.8 percent, 15.3 percent and 16.1 percent for periods October 1984, April 1985 and October 1985, respectively.

Among the age groups between April and October 1985 three groups namely the 20 to 24 years, 54 years and 55 to 64 years showed increases in unemployment. Of the three the most significant decline was observed among the 55 to 64 group.

This decline was split evenly among men and women. Unemployment among older persons has been increasing implying that persons sixty years and older are on the labour market but are not being successful at securing jobs.

/9317
CSO: 3298/447

ERRATUM: This article republished
from JPRS-LAM-86-041 of 6 May 1986
to place it under its proper
country category.

MEXICO

CITIZENS POLLED FOR VIEW ON GOVERNMENT ECONOMIC POLICY

Mexico City EXCELSIOR in Spanish 19 Mar 86 p 4-A

["Minisurvey: Sacrifices 6," by Adip Sabag. Survey carried out by Mexican Public Opinion Institute in the Federal District between 10 and 12 March 1986. Five hundred and fifty-two persons over 18 years of age were interviewed. They had been selected by quota method (e.g. sex, age), in accordance with data from the latest population census.]

[Text] Do you believe that at this time the government's economic policy is sacrificing the nation's independence?

Yes	50 percent
No	22 percent
Don't Know	<u>28 percent</u>
	100 percent

/7051
CSO: 3248/331

MONTSERRAT

SCHEME FOR AUTONOMOUS CHINESE 'STATE' HERE SPARKS ROW

FL082042 Bridgetown CANA in English 2005 GMT 8 May 86

[Article by Peter Richards]

[Text] Plymouth, 8 May (CANA)--The Montserrat Government of Chief Minister John Osborn has found itself embarrassingly embroiled in a controversy here over a foreign proposal for the establishment of a virtual Chinese state within this 39-square mile British colony.

At the center of the controversy is an opposition newspaper report last month that a plan had been submitted to government for the creation of the Asian-Caribbean economic territory on this Caribbean island, to be settled by up to 50,000 Chinese, mostly business types from Hong Kong and Taiwan.

Chief Minister Osborn was prompt and emphatic in his denial: "I've never seen any proposal of that sort... I'm certain I've never seen any proposal like that from anybody, he told CANA on 28 April.

He described the story as a creation by the opposition-linked MONTSERRAT REPORTER newspaper which first made the claim. As far as I am aware, the story was created by the editor of the REPORTER... Osborn said.

Governor David Watson lent little more credence to the article, declaring: "In the absence of something which is solid, rather than some fairy story, it would be absurd for me to make any comments one way or the other."

But, by May Day, the word from official circles underwent a dramatic about turn. Osborn himself acknowledged that there were, indeed, proposals at least similar to those mentioned in the REPORTER article, but stated that the government had not yet responded to them.

We have not replied to (the proposals)... but I can say, point blank, that it's one I would not agree with, Osborn declared.

The proposals apparently came from Dr Paul Tiens, president of the American University of the Caribbean, the Montserrat-based U.S. off-shore medical college.

He spoke about an economic territory where he would have small industries, and a hotel industry, and he would bring some people who would live there, Osborn explained. You cannot have it...it looks like two governments in Montserrat, he added.

The REPORTER's article offered further details of the proposals, stating that plans called for construction of a gigantic shopping complex, a light industrial complex, five hotels, a wide range of agro-industries, a jet port... financial center, and a fully equipped hospital.

The proposal, the paper said, called for the territory to be given autonomy on this English-speaking Caribbean island of 12,000 people.

But not even the Chamber of Commerce was convinced of the benefits of the scheme. Chamber President V.R.V. Edwards declared: "(In a) sovereign territory, it would be totally out of order, and unacceptable."

Osborn told a May Day rally here he had actually met in late March with Dr Tiens for informal talks on the proposal, which was formally outlined in a letter from the medic on 4 April.

Dr Tiens, in his letter, had suggested leasing land any place he can get it for at least 99 years, after which the territory will be handed over to the government. At no time was there any proposal for bringing 50,000 people here, he said.

Quoting from the letter, Osborn added: "The organizer plans to recruit investors and skilled productive workers from Hong Kong, Taiwan, and other countries to develop, work, and live in Montserrat."

He confirmed that the proposal called for giving the territory full autonomy. The plan would have involved establishment of light industries, help for local tourism, fisheries and banking sectors, and moves to expand Dr Tien's medical school to other Caribbean territories.

There was nothing in the proposals to discredit the government, Osborn said, and he has criticized the opposition National Development Party (NDP) which he said tried to discredit his regime.

The REPORTER article said that other countries in the Caribbean were also being considered for similar schemes. It said St Maarten, Belize, and some other countries were all moving to capitalize on fears among some in Hong Kong over plans to turn the colony over to China in 1997.

The newspaper described Dr Tiens as being very ambitious and said he had attempted to buy two islands off Haiti to build a nation of businessmen and industrialists. The REPORTER said Tiens also had plans to set up business in Anguilla, but his proposals were rejected. For his part, Tiens has declined to be drawn into the public controversy preferring to await government's response.

/9738

CSO: 3298/453

NICARAGUA

EAST BLOCK, SWEDISH AID IN MINE DEVELOPMENT

Managua BARRICADA in Spanish 10 Apr 86 p 8

/Text/ The Francisco Meza Mine in Leon will increase its output by 50 percent in 1986, following completion of a project to expand operations, according to a report by INMINE /Nicaraguan Mining Institute/ Planning Director Alfonso Perez Montano.

The same thing is occurring with La Libertad Mine in Chontales, where a project to expand operations and increase the plant and equipment is expected to be concluded in June of this year. Here they are hoping for a 100 percent increase in production.

A new mining venture is exploitation of lead and zinc polymetallic tailings, which will begin this year in the Atlantic region of the country. Initial operations will be modest at 8,000 dry tons, which is a reasonable quantity considering technical difficulties.

The Vesubio Mining Complex is being developed with the financial assistance of Bulgaria. Under this project, the Vesubio Mine, the aerial tramway used to transport tailings by cables, and the equipment will be rehabilitated, and heavy rolling stock to transport the ore from the mine to Puerto Cabezas will be acquired.

Also in the Atlantic region, the well of the Siuna Mine is being overhauled and four Czechoslovakian generating stations are being built.

On the Pacific side, with aid from Sweden, ecological soil exploration projects and prospecting for reserves are being pursued, in addition to manufacturing and repair of equipment and investment in and development of mines. These projects were begun 4 years ago and results are beginning to be seen. New reserves have been discovered, a mine is under development and plant and equipment have been built.

La India and El Limon are projects underway with the Soviet Union's support.

The problem of training local manpower is being tackled and there are a number of technicians who will be returning to the country. Between 1986 and 1990, 1,495 technicians of all types are expected to be trained.

Bulgaria and Sweden have been assisting with training projects since 1982, and the Soviets and Czechs have been providing support since 1984.

Besides incurring losses as a result of the direct attacks by counterrevolutionaries, such as the attack in 1984 on the Salto Grande Dam, which affected production in Bonanza, and the destruction of small ports, the mining industry has reduced its capacity because it serves as a rear guard for the army and other revolutionary entities, especially in the Atlantic region.

The mines support health and education with vehicles, fuel and other resources, not to mention the fact that many miners are mobilized for defense.

In surveys of mineral reserves, no account has been taken of reserves located in war zones, for instance known but inaccessible deposits in the Atlantic Region, such as Cerro Grado, Cocomina, Kuikuili and the alluvial deposits at Wani, Prinzapolka, Mattis Ye-ye, Pi-pis Kukalaya and others.

9805/12228

CSO: 3248/386

19 June 1986

NICARAGUA

SWEDEN SAID TO CANCEL \$90 MILLION DEBT

Managua BARRICADA INTERNACIONAL in English 22 May 86 p 3

[Text]

Sweden's deputy foreign minister, Pierre Schori, paid an official visit to Nicaragua after attending the inauguration of President Oscar Arias in Costa Rica. In Managua, he met with President Daniel Ortega and representatives of several opposition parties. Concerned with regional tension, the Swedish statesman noted that "U.S. aid to the counterrevolution is incompatible with the peace efforts of Latin American countries."

Schori commented that it is hard to believe that Nicaragua or any other Central American country could threaten the security of the strongest world power, and it is just as inconceivable that Nicaragua could endanger the security of its neighbors.

After noting that the Sandinista Popular Revolution emerged from the struggle against poverty and injustice, the Swedish deputy minister pointed to the United States as the principal actor in the conflict. He said it was obvious that the conflict is a North-South clash, the result of a nation's struggle to emerge from underdevelopment and domination.

"Unfortunately, the heavy shadow of the East-West confrontation makes it seem like all

political and social phenomena are linked to those coordinates," Schori lamented.

Schori expressed his concern that Latin America's foreign debt may jeopardize democratic stabilization on the continent. He supported measures to "soften" the payment terms and, to set an example, announced that his country is canceling Nicaragua's debt, which totals some US\$90 million.

In addition, he lamented that the militarization of Central America has gone so far. He cited data from Sweden's International Peace Institute indicating that, since 1980, the United States has invested more than a billion dollars in arming several Central American countries. On the other hand, the institution estimates that US\$300 million have been invested in weapons for Nicaragua by third countries. "The money has been spent for destructive ends, when there are enormous basic needs to be met," he argued.

Finally, Schori noted that the Contadora Group's efforts have prevented an even worse situation from developing in Central America, but that "if a negotiated settlement is not reached, the regional situation could become uncontrollable." ■

/9274

CSO: 3200/25

NICARAGUA

FAILURE TO CRITICIZE REVOLUTION NOTED

Managua EL NUEVO LAREDO in Spanish 13 Apr 86 p 2

[Text] There is general consensus that the mass media (newspapers, radio broadcasts, TV, etc.) lack a critical spirit. Over 6 years have elapsed since the victory of the revolution, and the meager critical spirit in Nicaraguan journalism is still a barrier to communication between the state and the people. Some have explained the phenomenon as being due to the enthusiasm and commitment among journalists toward the revolution; in other words, toward the political, economic, and cultural changes fostered by the Sandinist Front. Others, based on the problems involved in professionalization, and rightfully, have maintained that there is also a fear of criticism, because it is thought that, when criticizing a state echelon or mass organization, one is succumbing to reactionary, counterrevolutionary positions.

Criticism in the media is a trade that is learned, and the few critical programs, such as the Voice of Nicaragua's Contact 6.20 and the column "To See, To Hear... and Not To Stay Quiet," as well as the "What's Happening" section of BARRICADA, attest to this. Criticism is a very delicate trade, difficult to handle. But two types of criticism have developed in our journalism.

1. Criticism against reaction, the contras, imperialism and its "lackeys." Perhaps the kind which evokes the most enthusiasm among certain colleagues.
2. Criticism of the revolutionary process itself, the state, and other organizations. Perhaps the most difficult, and the kind arousing the least enthusiasm among the colleagues.

This latter criticism is, rather, a self-criticism: in other words, criticism aimed against what is new, what we identify ourselves with, against what we want: the processes of change. A certain degree of effectiveness in the revolution deceives us, and we avoid criticism. There is also justification for not publicizing every criticism, because it gives "weapons to the enemy" for attacking us. That is the most deceptive thing: "Everything that is hidden comes to light," says the proverb, and with even worse consequences.

In my opinion, there are two reasons for the dearth of critical spirit in our journalism: ignorance and fear.

"We of the new generation of journalists have arrived too late for this revolution," I told a colleague, informing him that the slight amount of theoretical and professional training for understanding the revolution completely was an obstacle to the exercise of criticism; an obstacle, but it was never really too late. How can we make political criticism if we do not know the foundations and principles of politics? How can we make economic criticism if we do not know the phenomena and laws of economics? How can we criticize the government's economic programs if we lack the theoretical and technical tools? The lack of criticism has its roots in ignorance.

Who says that we journalists are free of blackmail on the part of certain officials? On a certain occasion which ended an investigation of a UPE [State Production Unit], a government delegate told me: "I already know where you live and who your parents are." I felt a certain amount of fear, it's true, but I never made the criticism in my articles. I had never felt directly what it was like to criticize an official whom I had known personally, in public. But how many journalists would overcome that fear? The fear could be caused by a threat, that we might be left without a job, that they might accuse us of being reactionaries (TELCOR [Nicaraguan Telecommunications and Postal Services] has already given me to understand that once), or, at worst, of being counter-revolutionaries.

The other major problem lies with the state officials. They want criticism, but they fear criticism. The lack of a link with the workers and the people also has an effect; they are the best sources of criticism, when the latter is supplemented with investigation. Nevertheless, there is the danger of succumbing to "criticism for the sake of criticism," marked by taking pleasure in exercising criticism without offering solutions.

Press censorship should not be a justification for not criticizing. Let's make the criticism; if they censor it, let's keep it to make when the state of national emergency is lifted. Thus far, they have never censored me!

2909

CSO: 3248/425

NICARAGUA

MEMBERS OF CONTRA 'INTERNAL FRONT' CHARGED

Managua BARRICADA in Spanish 23 Apr 86 p 5

[Text] The TPA [Antisomozist Peoples Courts] yesterday filed charges against 17 persons who were attempting to form a so-called "internal front" in Matagalpa, by means of sabotage directed against economic targets and campaigns against Patriotic Military Service.

The group of persons arrested was led by a man identified as Joaquin Romero Rodriguez, a mechanic by trade, who began his counterrevolutionary activities in April 1983 after being recruited by Pablo Obando and placed in contact with the rebel leader Jeremias Hernandez, known in the FDN under the alias of "20."

Another of those implicated in these terrorist activities--which also included a plan to accumulate funds for mercenaries--is Benito Ricardo Rizo Hernandez. In Ciudad Dario he headed conspiracy plots, along with the Contra leader with the codename of "Panther." Rizo was to obtain clothes and shoes to be sent to the Somozist guards.

According to the report provided, the mission of Dr Aura Estela Rizo in this terrorist cell was to obtain medications for mercenary forces. The defense attorneys for the accused are: Drs Rolando Fletes Largaespada, Manuel Gutierrez Hurtado, Violeta Guevara, and Carmen Juarez.

The rest of the Contras being tried by the TPA are: Juan Antonio Lopez Martinez, Jose A. Benavides R., Cristino Garcia, Juan Marino Gonzalez, Johan Perez Mendoza, Noel H. Prado, Haydee Alvarez, Isidro Figueroa, Benito Picado Rizo, Jose Genaro Potosme, Manuel Lopez Gonzalez, Jose Luis Gonzalez Tellez, Victor Vallecillo Rizo, Otillo Zeledon Ochoa, and Santos Pastor Villarreyra Zamora.

7679

CSO: 3248/427

NICARAGUA

POPULARITY OF PPSC BOOKSTORE DECRIED

'Anticommunist' Books Sold

Managua EL NUEVO DIARIO in Spanish 18 Apr 86 p 2

[Article by Eduardo Estrada M., under rubric: "To See, To Hear...and Not To Stay Quiet"]

[Text] Under our very noses there is a monopoly which, for approximately 2 years, has been determining what we shall read, and from which publishers. Furthermore, the prices of the books, even those for children, are extremely high, and only the middle and wealthy classes have the means to purchase them. I am referring to the "Manolo Morales" foundation, behind which there is a reformist, petit-bourgeois party, the Popular Social Christian Party [PPSC]. The books sold by that foundation are "hot-cakes," and although they claim not to be accruing any profit, a serious audit of that institution would show that they earn large sums of money. It is true that they purchase the books with dollars, but would that warrant the books' costing between 1,000 and 6,000 cordobas, in an ascending spiral?

They Are Winning the Publishing Battle

In my opinion, that foundation is winning the publishing battle; politicians from the left and the extreme left, but particularly the right, supply themselves at that bookstore. The right has its best center of publishing supplies and politico-ideological reinforcement there. The New Nicaragua Publishers [ENN] and IMELSA, the latter being responsible for the importing and distribution of books, lag behind the "Manolo Morales" foundation. This bookstore distributes books, true, but it puts out "six of one and a half-dozen of the other," because a large number of books are of an anticommunist, diversionist and reformist type. Meanwhile, IMELSA, with imports of Soviet books and those from other socialist countries, many of which are propagandistic and elementary, is lagging behind the Manolo Morales publishing potential.

What to Do?

I am not trying to say with this that they should close or restrict that foundation, no; let it continue to operate with complete freedom. But, as for ENN

and IMELSA, the Ministry of Culture and Education should take more seriously their role in publishing distribution, and import and publish books of better quality, up-to-date, attractive works that will confront a foundation which, for the present, is winning the publishing battle and which is the base of a reformist right wing, petit-bourgeois "ideology." Let the IMELSA bookstores also become centers in which books are sold like "hot-cakes" and "cheap."

High Prices Scored

Managua EL NUEVO DIARIO in Spanish 20 Apr 86 p 2

[Article by Denis Garcia Salinas: "The Book, a Luxury Item"]

[Text] The title of this article is not just a concern of the Latin American reader, but of the Nicaraguan one as well. Quite soon in Nicaragua, readers will have a serious obstacle to purchasing a book: the price. The time has passed when a regular reader was an assiduous visitor to this capital's bookstores. The worldwide inflation (with its terrible consequences) has also invaded the book market. The internal crisis in Latin America similarly made its contribution to the higher cost of books. Paper has become scarce, as have the raw materials, and publishing costs have taken off to the skies, with the intentions of an assault.

That international inflation and the economic maladjustments in Latin America caused many publishing houses to disappear from the publications map. Concurrently with this, in countries such as ours they received the impact of the publishing crisis. It seemed as if the world was overcoming them. And now we are seeing it clearly in our Nicaragua. Even the books from the Soviet Union's "Progress" publishers and from the Cuban publishers have not withstood the onslaught of the inflationary serpent. They had to raise the prices.

Nevertheless, despite that devastating picture, the publications marketed by IMELSA are still within reach of the purses of certain sectors of the society. Making use of my right to dissent, the books offered by IMELSA are no longer satisfying the tastes of the reader who wants a diversity of subject matter and authors. The books are cheap, but they lack a variety of titles. Just as man needs to drink water and eat in order to live, the reader is thirsty and hungry for knowledge and information. Both things are a power, they are an act of freedom. Without those two elements, man is the victim of the mechanics of rumor.

And in our country, that man, buried by the crisis, will be brought to the brink of the abyss of lack of knowledge, that is, living without being able to solve the meaning of life, as Kafka said. A man who has no access to varied information is doomed to ponder over his existence. So, he cannot attain his complete freedom; on the contrary, he reduces it, he annihilates it. His brain is dried up, he is indoctrinated.

Just a few days ago, I visited the bookstore of the Manolo Morales foundation to learn the status of the books. Its director, Luis Humberto Guzman, agreed to talk with me about the matter. He justified the high prices of the books, because they are imported from Mexico and Spain. Dollars are required for this. And that causes the prices to be out of reach of certain sectors of the society. (The book prices fluctuate between 800 and 14,000 cordobas.) The only advantage: a diversity of titles and authors. A journalist friend admitted to me, with consternation, that this bookstore "was only for a minority." I shared his view.

And I confirmed the foregoing upon talking with Luis Humberto Guzman, also a politician. He told me that his main customers were ministers, and officials from international and professional organizations.

I sincerely believe that a student could easily purchase a book for 3,000 cordobas, although Guzman claims that this is "cheap." So, the reality is difficult for the reader who wants to discover new horizons through the pages of a book. Although many may not like to accept that tragic reality, the book is gradually becoming a luxury item, in other words, for a minority.

2909

CSO: 3248/425

NICARAGUA

WHEELOCK ON FOOD PRODUCTION, AGRARIAN REFORM

Food Production Rising

Managua BARRICADA in Spanish 22 Mar 86 p 1

[Text] This year, 3 million quintals of food, equivalent to 80 percent of last year's total national harvest, will be produced by some 50,000 manzanas being cultivated using intensive irrigation methods, said Commander of the Revolution Jaime Wheelock Roman, minister of MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform], in his closing remarks at the 20th meeting of Central American and Dominican Republic Agrarian Reforms.

Wheelock spoke at length on the advances being made in transforming the unfair landowning structures, without triggering significant drops or a major disruption of agricultural and livestock production, with the result that, since 1979 and to date, food production has increased from year to year.

He stated that rice production has doubled, production of sorghum has increased fourfold, from 900,000 quintals during the Somoza years to this year's 4.2 million quintals, and bean production has risen approximately 8 percent annually.

With regard to corn, he explained that with the reduction of planted area from 300,000 to 230,000 manzanas, productivity per manzana has risen, so that a smaller area is yielding larger volumes of production than in the past.

Referring to the organizational advances being made by the tenant farmers, the minister of MIDINRA said that, with the triumph of the Revolution, a vast cooperative movement was generated, which he called the most powerful force of the economy and the Revolution, and which is made up of some 70,000 tenant farmers, or 60 percent of the rural population.

Wheelock also expressed his high regard for the results of the meeting, in which the heads of the region's Agrarian Reforms and the leaders of the tenant farmers exchanged views of their respective processes.

'Critical Evaluation' of Reform

Managua BARRICADA in Spanish 22 Mar 86 p 3

[Text] "We have instituted a model of Agrarian Reform tailored to Nicaragua's political situation and historic conditions, a model suited to the type of underdeveloped, dependent and backward country we inherited," Commander Wheelock pointed out in explaining why models had not been chosen that were based on the breaking up of the latifundios and the creation of microfarms like those being recommended by the AID.

Analyzing the difficulties that would have been encountered in eliminating large non-Somosist land holdings, he said that these sectors had been considered important to economic development provided they were subjected to regulation through taxes, interest rates and the nationalization of foreign trade.

He said that the Nicaraguan Agrarian Reform is going through a period of diagnosis, examination and critical evaluation, in an effort to resolve the problems that have already accrued, before continuing forward.

One of these problems, he indicated, is the one being experienced by the state in trying to interest the tenant farmer in working as a cooperativist. "We are eroding the medium- and large-sized estates, because the seasonal labor that formerly existed manifests an opposition that can only be resolved through cooperativization or mechanization," Wheelock pointed out.

"This is a problem for a poor country that does not have access to credits," he said, pointing out as he continued that the search for solutions must be based on one's own reality rather than on a blind following of recipes or venturing into experiments, even though this be with credit grants from international organizations, because such approaches are fraught with the risks of drops in production and social problems for the tenant farmer.

On the other hand--he said--a new Agrarian Reform project is being instituted that eliminates the limits of inexpressibility as applied to idle or inefficiently-used land. "Where there is pressure for land, the Government wants to channel it towards idle property regardless of its size," he reiterated.

By way of a general evaluation of accomplishments since the start of the Agrarian Reform with the triumph of the Revolution, he pointed out that latifundism had been dealt a severe blow, reducing its holdings from 50 percent of rural land to 11 percent.

He added that tens of thousands of tenant farmers had joined the cooperative movement, that thousands had received land and the titles to its

ownership, and that aid had been provided in the form of guaranteed loans for tenant farmers and for the integration of the small-, medium- and large-sized sectors, with beneficial productive results for the country.

Referring to the economic development model instituted in Nicaragua, he stated that "it is based on the industrialization of our natural resources, such as our fishing, forestry and mining resources, and, above all, our agricultural and livestock production."

Hence the importance being attributed to the equitable distribution of land among all those in a position to work it, as well as to determining the most suitable use of soils for each crop--Wheelock emphasized--citing the need for the tenant farmers who had been driven to the mountains to grow their grain to return to more fertile soils to produce those foods.

9238

CSO: 3248/337

19 June 1986

NICARAGUA

CARRION ADDRESSES OPENING OF UNAG CONGRESS

PA011726 Managua BARRICADA in Spanish 25 Apr 86 p 3

[Speech given by Luis Carrion Cruz, commander of the revolution and deputy interior minister, at opening of the National Union of Farmers and Cattlemen Congress on 25 April in Managua]

[Excerpts] Companeros: I bring you a warm salute from members of the FSLN and of its National Directorate, who are following with special interest the discussions and results at the first congress of the National Union of Farmers and Cattlemen [UNAG]. The conclusions you reach will have a deep impact on the nation's life, because they will mark the path for thousands of peasant families throughout the country. We urge you hold serious and mature discussions, aware of the great responsibility you have.

For some months, that is, since this congress was announced, the FSLN has been holding a general discussion on the peasants' problems and the revolution's policy toward rural areas, which recently ended with a Sandinist assembly meeting, which is the FSLN main consultative body.

As a result of all these discussions, we have reached a series of conclusions which we want to share with you, precisely now when you are holding your congress.

The unjust distribution of land was not a product of divine providence. It was the result of a very specific historic process. As the capitalist cotton, coffee, sugarcane plantations, and cattle ranches kept growing, among other things, the peasant families that for dozens of years had lived and worked on these lands, had them taken away and later they were thrown off the land.

This historic problem has worsened as a result of the mercenary war which has forced thousands of producers from the border agricultural zones, most affected by the counterrevolutionary activities, to abandon their properties and to take refuge in zones that are safer, or to go to the cities where they turn into a nonproductive, ignored population. Many of them are loyal members of the Sandinist Peoples Militias [MPS], who have lost close relatives, murdered by the counterrevolutionaries. This revolution, which has been generous, even with its enemy, would not have been a real revolution if it had not listened and had not responded to the clamor of those brothers who are only asking for a rifle to fight and a piece of land to produce.

From the triumph of the revolution to this date, the revolutionary government has distributed land to 46,577 families on a cooperative and individual basis. It also has delivered land deeds to 36,745 families which, in a total state of insecurity, did not have legal ownership of the property on which they had been working for many years.

The revolutionary government has been disposing of the State Production Unites [UPE] in all the regions of the country, to contribute to the solution of this problem. In 1985, 97,200 manzanas of the People's Ownership Sector [APP] were distributed among the peasants.

From the triumph of the revolution to this date, a vast cooperative movement has been taking place in Nicaragua's rural areas, which currently reports 2,124 cooperatives with 54,086 members, 41.7 percent in Sandinist Farming Communes [CAS] and 51.2 percent in Service and Credit Cooperatives [CCS]. Although the movement is still not consolidated, it has changed the life of thousands of peasants and has become a solid revolutionary bastion of great productive potential.

At the same time that we enthusiastically support the cooperatives system, it should be made clear that the FSLN definitely rejects coercion or the use of force to organize cooperatives. The distribution of land to peasants should not be used to force them to form cooperatives. Cooperatives should be established by the free will of the peasants. The government and the FSLN will promote peasants cooperatives by persuasion. The UNAG should see that government officials comply with these principles.

We also wish to reiterate that no producer should be subjected to discrimination or to a different treatment just because he is not a cooperative member. The will to defend the fatherland with arms in hand is the most important measure of patriotism under the present circumstances.

The problems of supply and production have been a constant concern of UNAG and producers alike, and we have certainly experienced times of dire scarcity and undersupply in the rural areas. The military aggression, the U.S. economic embargo, and the international economic crisis are among the factors that have caused this situation, the consequence of which has been a deterioration of the living standards of the Nicaraguan people. However, we must also admit that at some point, and within the framework of available resources, we failed to adequately meet the demands of the agricultural and livestock producers.

A Moral Commitment to Workers in Cities

However, you must also be aware that this improvement in supply in the countryside has been due to the sacrifice of your fellow workers in the cities, who have seen their already meager supply reduced even further. This has been particularly the case of the poorer ones, because the wealthy people always have the possibility of getting the products even if they are at higher prices. This sacrifice of the urban workers entails a moral and political commitment to all agricultural and livestock producers, who, for this reason, are obliged to further increase their levels of production and make more food

available to their urban fellow workers, overcoming any problems that arise along the way with their effort and initiative.

But there is more: The revolutionary government has undertaken the commitment of delivering basic foodstuffs to the workers at reasonable prices. Sometimes we have failed to comply with this commitment because we have not had enough products to sell to them. It is indispensable that the agricultural and livestock producers sell a part of their products to the state at the official prices so we can sell them to the urban workers at low prices.

UNAG, a Great Organization Despite the Aggression

Since its foundation in 1981, UNAG has carved a place for itself in the nation's mainstream, not only because of its large membership--which makes it one of the largest peasant organizations in Latin America--but because of its initiative and consistency in defending the interests of its members, which has made the rank and file trust it and has turned it into an organization with a great deal of representation.

A Call for Solidarity With Poor Peasants

UNAG has been an outstandingly broadminded and democratic organization in which all producers find a place without discrimination of any kind. This has been one of the keys to its success as a union organization and it must preserve this characteristic. However, we do think that notwithstanding this broadmindedness in its organizational work and efforts, it must regard the small producers and poor peasants as its number one priority.

The FSLN feels that UNAG is the link among the organizations of producers at various levels which become organized fundamentally to pool their efforts, resources, and intelligence to overcome problems related to production, transportation, supply, etc. We feel that UNAG's fundamental mission is to increase the productive capacity of the producers for direct management and not to replace it by management by producers.

Therefore, we are convinced that the fundamental organizational work to be done is the work at the base. UNAG's true effectiveness as an organization committed to increasing agricultural and livestock production and improving the living and working standards of the peasants cannot be gauged solely by the size of its membership but by its actual level of organization and its management capacity at the base. It is there where production is generated; it is there where many problems must begin to be resolved; and it is there where an increasingly efficient coordination and cooperation among state institutions and producers must begin to be organized.

These are the main ideas of the FSLN that we wanted to convey to you. As I said at the beginning, they are the result of several months of discussions.

Once more, we wish to reiterate to you our good wishes for the success of the work of this congress and our complete conviction that this will serve to strengthen UNAG and the people's Sandinist revolution, the unswerving backbone and fundamental strength of which lie on their alliance with the workers and the peasants.

/12913

CSO: 3248/399

NICARAGUA

LOGJAM AT CORINTO PORT DESCRIBED

List of Supplies

Managua BARRICADA in Spanish 21 Apr 86 pp 1, 7

[Article by Maria Mayorga]

[Text] Negligence and the absence of an organized government import policy are the main corrosive agents of the thousands of tons of merchandise and machinery that wait to go through Customs in Corinto. Meanwhile, the moisture and salt of the sea continue the corrosive work.

Fertilizer, sheets of iron, syringes, steel cable, tires, filters, fabric, electrical plants, vehicles, poultry feed, insecticide, herbicide, hydraulic presses...in short, hundreds of items were on long lists that BARRICADA checked and verified. Many items had the same destination.

These are products that have been waiting to be picked up from the port warehouses for 6 months or 2 years. Who is missing these products? How many projects will proceed badly or will be stopped because one or more parts are waiting here?

The problem is not simple. Some 180 consignees have items there. Several enterprises of MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform]--like ENIA [Nicaraguan Enterprise for Agricultural-Livestock Investments] and AGROINRA--account for 40 percent of the stranded freight.

The state owes Customs at least 600 million cordobas for merchandise picked up without carrying out the required paperwork.

When we questioned officials of different institutions, the response was: "What do you think? I did not know anything!"

A dictionary definition of port is: a place protected from the winds providing safety for ships and for operations. For many state institutions, however, the figurative meaning of shelter, protection, or refuge is more acceptable. In the port of Corinto, valuable imported merchandise remains forgotten or ignored.

How many times have we heard an official say the following? "There is no foreign currency." "The project is delayed due to lack of parts." "We do not have enough raw material." The answer to some of the needs of the enterprises perhaps lies only 130 kilometers from Managua at the port of Corinto.

Bundles of iron sheets, boxes of syringes, rolls of paper, steel cable, and various vehicles are part of the stranded merchandise that converts the port into a gigantic hardware store.

Tires, filters, sacks of fertilizer, packaging, and bundles of fabric lie in the general warehouses with the apparent objective of breaking records in length of stay.

At first glance, it might seem contradictory that some imports--acquired with foreign currency through lines of credit or barter--spend a long time in the sun and sea air. At second glance, it is contradictory.

Port Problem Is Freight Immobility

The port is the link between maritime and land transportation. Corinto, with an installed capacity of 2 million tons of freight, moves a great deal of tonnage considering our economic reality.

Its main problem is freight immobility, according to Francisco Martinez, manager of the Corinto Port Administration. He indicated that the roofed and open areas are facilities for moving freight through, not warehouses where merchandise is stored. Corinto sees 84 percent of all national imports and exports. Therefore, the port officials fight a constant battle for space.

Theoretically, the freight should not remain in the port area for more than 72 hours after being unloaded. Therefore, the demurrage fees are punitive. Imports that, for one reason or another, are not picked up at the port on time will unnecessarily incur an added cost.

Pedro Alvarado, director of freight traffic and control at the port, showed us a list of the freight that has already been at the port too long. The expiration dates range from May 1984 to March 1986. There are 180 consignees (or owners).

According to Alvarado, AGROINRA alone owns 40 percent of all the freight stranded at the port. He showed us a copy of the telegram sent to that institution last 15 March in which it was reminded to come pick up its freight.

Pallet Merchandise

In April 1984, a bundle of iron sheets arrived at the port. In May 1985, another roll of sheets joined the first. They have not yet been picked up. In September 1984, a small orange and yellow truck marked TELCOR [Nicaraguan Telecommunications and Postal Services] was unloaded at the port. After

several inquiries, it was "discovered" that the truck which has a shop in the back was not for TELCOR but for the Masaya Municipal Reconstruction Council.

On 6 March 1985, two crates of machinery for the Ministry of Transportation, seven structural parts for the firm UNESCO, and a bundle of structural parts and eight pieces of pipe for an unknown consignee were among the freight unloaded from the ship Tania.

In 1986, 27 bundles of iron, 9 bundles of steel, boxes of valves, 2 testing benches, hydraulic presses, pneumatic braces and bits, generators, tools, and many crates of machinery arrived for the agricultural-livestock sector, the main economic sector of the country. The Port Administration is waiting for AGROINRA, AGROMAQ, and the Tipitapa-Malacatoya and Valle de Sebaco projects to come pick up their freight.

There are also "packages" for INMINE [Nicaraguan Institute of Mines and Hydrocarbons], TELECOR, INE [Nicaraguan Institute of Energy], MINSA [Ministry of Health], and INAA [Nicaraguan Water and Sewage Institute], left for more than 2 months. Francisco Martinez explained that sometimes there are very heavy piles of 15, 20, or 30 tons and there is not enough equipment to transport them to their destination. However, it is not always the weight and the volume that cause the merchandise to be stranded.

Sweet Dream of Merchandise

Every time the merchandise manages to leave the port, go through Customs, and reach the general warehouse, many can breathe again. The warehouse, considered a temporary storage place, is a zealous guardian that, of course, collects for its services. Many enterprises claim that they must keep their imports there because they do not have adequate warehouses. Others indicate that their problem is transportation. Meanwhile, the adding machine keeps running.

Chemical products for the agricultural-livestock sector take up a great deal of space at the warehouses of the customs agency ALDENIC. One small part is 19,961 sacks, weighing 110 pounds each, of granular fertilizer shipped to ENIA more than a year ago.

Another 3,000 sacks, weighing 50 pounds each, of ammonium nitrate, sacks of balanced poultry feed, and bags of insecticide and herbicide--all for ENIA--are also stored at ALDENIC.

There have been two large tires stored since August 1983 in the Santa Isabel warehouse of the APATLAN agency where the storage fee is based on area occupied in cubic meters. The owner is the National Enterprise of Interurban Buses. VIMSA has had three crates of parts there since December 1985.

When Santiago Arteaga, manager of SUCEDELSA [Sucesores de Delgadillo, S.A.], was asked about the merchandise left in his warehouses, he answered: "Not much has been left here. We have insisted due to storage needs." He did mention two cases that were critical because of the volume of merchandise.

One involves 138 packages of filters from the firm Irrigaciones y Perforaciones McGregor that have been here since June 1985. Another involves several shipments of fabric for COIP [People's Industrial Corporation], the largest of which is 1,500 packages. It arrived at the warehouse in October 1985.

Many importers who have not met their obligations help make Customs rich...in debts to be collected. Customs is owed 600 million cordobas in taxes which the importers have not paid.

Manuel Pena, delegate of the General Customs Office in Corinto, explained that this total corresponds to the period 1980-1986. Some of the debts are owed by enterprises that no longer exist. There is a lower, but equally important, debt because the importer receives his merchandise and gives a promissory note but the note is not paid on time. This debt totals about 25 million cordobas.

The Port Administration is owed enormous amounts for operations and demurrage. The port, like Customs, sometimes makes flexible provisions so the merchandise can be picked up. There are promises to pay but they are not carried out.

Due to the fact that the merchandise is usually in the port and in the general warehouses a long time, it can be concluded that some imports cost more because they are not picked up and distributed on time than they cost in hard cash originally.

It's Yours, You Take It

BARRICADA tried to find out about some of the delinquent accounts. A Soviet Latvija minibus, stored in ALDENIC in September 1985, was shipped to CORADEP [People's Radio Broadcasting Corporation].

When we informed the administrator of CORADEP, his response was: "Hey! We don't know anything at all!" He was very interested and noted that it was possible that the minibus was the result of some agreement between CORADEP and a foreign mission with which they maintain relations. The official was grateful and said that he would investigate.

Several officials of the Office of Material and Technical Supply of MIDINRA were consulted. In their opinion, that institution did not have much merchandise in the port and warehouses. Although they recognized that there have been critical times when they have had large accumulations, they felt that "for now, we are more or less in good shape."

In their opinion, there was little merchandise shipped to AGROMAQ, AGROINRA, and PROAGRO. They were going to investigate what was consigned to ENIA and SUMAGRO. Julio Rivera from that office and an import supervisor were upset and receptive. They promised to investigate and report to BARRICADA on this.

According to the Customs reports, 20 bags of wollastonite (calcium silicate) have been in a SUCEDELSA warehouse since 1980, consigned to Mineral Processes. Mario Aleman, an official of that enterprise, reported that the enterprise

responsible for supplying them was Mining Supplies. He observed that the 20 bags might be part of an earlier shipment.

Francisco Martinez pointed out some encouraging examples in promptness in picking up merchandise at the port. One is the Sandinist People's Army. The manager said: "Sometimes the ship has not even tied up and they are here with their trucks." He stated that another importer that promptly picks up its merchandise is the private enterprise Julio Martinez, S.A.

Lack of Foreign Currency Vs. Abandoned Merchandise

When the manager of the Port Administration was asked how he analyzes the contradiction indicated in the above heading, he answered that he has participated on commissions where the institutions ask for foreign currency for their projects. On more than one occasion, he continued, it has been discovered that what they needed was merchandise that had been abandoned.

In his opinion, this leads to the conclusion that the institutions do not have a handle on the import situation. He emphasized: "Many enterprises are afraid when they learn that they have stranded freight." The truth is that this merchandise was acquired with foreign currency.

Martinez also felt that there is a high turnover among personnel responsible for imports and that it should be taken into consideration that this is specialized work. Organization of port operations becomes a problem because there is no program of imports and donations.

The Corinto delegate of ENIMPORT [Nicaraguan Import Enterprise], Jose Manuel Aleman, more or less agrees. He recognizes that it is a reality that many enterprises do not have an import department like they should.

He said: "This makes it difficult" because there is no skilled personnel to follow up on the contract.

He concluded: "At times the general directors themselves handle the imports."

Many times the importer complains that he does not have the storage capacity in his own or rented warehouses. Therefore, he leaves the merchandise in Corinto. This increases costs most of the time.

The Customs delegate, Manuel Pena, goes a little further. The importer must not view the warehouse as a place to store the merchandise, thinking that there is no demand for his products in the country.

At this point, Pena emphasized, everything that is imported is imported because it has been authorized by the National Commission of Allocation of Foreign Currency. In other words, it is needed.

The only other way of importing is through donations. According to the official: "In general, there is little concern for the costs that the merchandise incurs because it is known that these will be paid" with state funds.

19 June 1986

Trying to discover something as important as whether the Central Bank has control over the imports for which it authorizes foreign currency, we ran into an insurmountable barrier. Even 18 telephone calls were not enough to arrange an interview.

The situation of aggression forces Nicaragua to allocate more than half its resources to defense and to import only what is strictly necessary. Problems of transportation, lack of warehouses, and an inadequate import policy do not justify the poor management, passiveness, and negligence.

Paperwork Blamed

Managua BARRICADA in Spanish 21 Apr 86 p 7

[Text] Imported merchandise sometimes has to travel thousands of kilometers to reach Nicaragua. First, however, the Central Bank has to disburse foreign currency for its purchase.

At the port, the merchandise will be separated from other merchandise. The Corinto Port Administration then gives 72 hours for it to be picked up. The importer will not pay 1 centavo for those 3 days.

However, since the port is a port and not a warehouse, a fee for demurrage is charged beginning on the fourth day. From the fourth to the tenth day, the owner of the freight will pay 42 cordobas per ton.

On the 11th day, the fee doubles. In other words, he will have to pay 84 cordobas per ton. Take a calculator and estimate the cost that freight that weighs several tons which, for one reason or another, is not picked up on time will incur.

In the normal process, once the freight is separated, the customs agent enters the scene. He is responsible, in most cases, for picking up his client's merchandise, doing the paperwork at Customs, and taking the merchandise to the general warehouse.

Customs controls the physical flow of the merchandise and collects taxes since all imports are taxed. It is not the duty of Customs to store merchandise. Consequently, it does not have warehouses.

According to customs legislation, the paperwork for the merchandise has to be completed within 60 days. After that period, it remains under the jurisdiction of Customs for sale or reassignment, with the authorization of the Presidency. However, the consignees do not feel threatened because Customs is flexible.

With the exception of bulk cargo, the merchandise is usually picked up after 60 days. The cause for the lateness is that the majority of the importers wait to be notified that the freight has arrived. Few are waiting for its arrival. Failure to pick the merchandise up on time is generally due to passiveness.

Postman Always Rings Several Times

ENIMPORT, the state contractor, also has a role in this: to control imports--contracted or not--and donations.

To prevent delays for the consignees, the Corinto delegation has designed a careful system of communication with Managua. Central ENIMPORT is informed about what arrives in the port each day.

Consequently, the consignee will receive several notices to come pick up his merchandise:

The shipping agent from the shipping company tells him (or ENIMPORT) the date the ship will arrive;

ENIMPORT or the hired customs agent notifies the consignee when the merchandise is at the port;

The general warehouse tells the client the date when the merchandise was stored;

If the paperwork is not done within 60 days, Customs also notifies the importer; and

If the freight was not even picked up at the port and, consequently, a demurrage fee is being charged, the Port Administration also informs the customer.

There might be some conjunction of the stars and the consignee would not be notified by anyone. It is assumed, however, that the person imports because he has a need and he should be waiting for his purchases.

It is possible that the reader has heard or read different accusations about donations "held up," some of which have had to be discarded. Some of the donations are consigned to an institution or project; others are sent to the Nicaraguan Government.

To avoid concentrations of donations which are often food, ENIMPORT has started "a type of human computer"--that is, its delegate in Corinto.

The system includes the post office, radio, and bicycles.

The donations sent to the Nicaraguan Government are assigned to the institution that the Secretariat of Planning and Budget indicates. These donations also generate expenses.

It must be kept in mind that the merchandise might be donated but the freight is not. Customs can excuse the taxes on donations but the port has to pay for its operations.

In conclusion, the donations can have preferential treatment--and, in fact, do--but the expenses of unloading, storage, and transportation have to be paid by someone. That might be one of the reasons the donated products are sold.

The general warehouses--state, private or mixed--are covered by INISER [Nicaraguan Institute of Insurance]. The buildings and the merchandise are insured against fires, lightning, explosions, earthquakes, volcanic eruptions, tidal waves, floods, and water damage.

Of course, the insurance increases the bill for storage. The longer merchandise is in storage, the more expensive the service will be.

Luis Manuel Obando, head of property insurance of INISER, told us that this institution must purchase reinsurance abroad in order to take care of the insurance at all the warehouses in Corinto. That reinsurance is paid for in foreign currency and has a limit.

The high concentration of merchandise in a small geographic area makes Luis Manuel Obando exclaim: The day something happens in Corinto, we will be out on the street!

Additions to List

Managua BARRICADA in Spanish 22 Apr 86 p 5

[Text] Yesterday BARRICADA was able to complete the list of merchandise that lies in Corinto, waiting for the institutions to which it is consigned to pick it up.

Some institutions like MIDINRA promised to give a better explanation soon.

Francisco Martinez, manager of the Corinto Port Administration, acknowledged that he is very interested in the effects that our newspaper reports will have on the problem.

In addition to the merchandise consigned to the enterprises of the agricultural-livestock sector, there were many other packages, bundles, and boxes stranded in port and in the warehouses of the customs agencies.

A large volume in port corresponds to INMINE. Vulcanizers, volt-ammeters, washing plants, and miscellaneous devices should have been picked up last 10 March.

Five crates for MINSA and another for COFARMA, four crates of machinery for the Ministry of Transportation, two boxes of parts for pumps for the INE, and 110 parts for the INAA are also stranded in the port.

According to the customs inventory, there is a great deal of old merchandise in the warehouses. CIMEXSA and ENIAP have had 32 crates of empty bottles there since 1984. INEPSA [Nicaraguan Institute of Fisheries] has 4,000

bundles of boxes to pack its products stored there. Two crates that contain medical instruments consigned to COIP arrived at SUCDELSA in November 1985.

These are some examples taken from the lists in BARRICADA's possession.

7717

CSO: 3248/403

NICARAGUA

NEW MISKITO WORKERS' TRADE UNION FORMED

Managua LA PRENSA in Spanish 30 Apr 86 p 16

[Text] A new trade union with Miskito members has been formed in Nicaragua, with the slogan of Trade Union Freedom, Social Justice and Democracy.

Its name is SITRAMISK [Miskito Workers Union]. Its headquarters will officially open on 1 May in the Venezuela section of Managua.

It is also affiliated with unions in Leon and Chinandega, including the Professional Farmworkers Union, whose members are not only Miskitos, but are also drawn from other population groups located along Nicaragua's Pacific coast.

Both organizations were founded with the vigorous guidance of the CUS [Trade Union Unification Confederation], headed by Alvin Guthrie Rivers, Jose Espinosa, Omar Baca, Santos Jimenez, Ramon Luna and other well known CUS leaders.

Secretary General's Statement

The secretary general of the Miskito Workers Union, Eugenio Urbina Coban, described for us the start of this organization about 2 years ago, in 1984. In November of that year it became apparent that it was essential to help the inhabitants of Bocay, where about 150 families were facing serious difficulties because of the war. They had been relocated toward that area of Matagalpa from the Zelaya department near the Coco River, said Urbina Coban.

The appeal for aid from our Miskito comrades was supported by the CUS, through one of its leaders, Alvin Guthrie, who began to hold meetings and brought about a general consensus that we should join together for the purposes of cooperation. Thus the first activities were of a social nature; later this movement took on a trade union character, added Urbina Coban, the union's secretary general.

Central Headquarters in Managua

Now we have a central headquarters which we will be inaugurating on International Workers Day. It is located in the Venezuela section of the city on the main entrance to the Nicarao Colony, one block from the lake. Initially 120 families were given aid. Now more than 700 families are involved, he reported.

As we were working, we came to feel it was necessary to organize a Miskito Workers Union, since our group included carpenters, shoemakers, mechanics, farmers, drivers, electricians, English-Spanish, Miskito and Sumo interpreters, teachers, fishermen, sailors, etc, added Eugenio Urbina Coban.

This is a multifaceted, pluralistic, ethnic union, which above all else, is dedicated to providing legal assistance and service. Its formation was completed in March 1985, he noted.

Official Commemoration

In homage to the Chicago Martyrs, on the 100th anniversary of that date we are going to hold a number of official ceremonies at the SITRAMISK headquarters, including a meeting with the grassroots members. We will in particular be inviting all the Miskitos living in Managua. There will be a luncheon at which Miskito-style food specialties will be served. This occasion will also feature regional music from the coast, and the start of the traditional Maypole festivities.

Eugenio Urbina Coban, with a program in hand, told us that additional cooperation programs will also be conducted with the aid of the CUS.

7679

CSO: 3248/427

19 June 1986

NICARAGUA

EVANGELICALS TO CONFRONT 'NATIONAL REALITY'

Managua BARRICADA in Spanish 9 Apr 86 p 8

/Excerpts/ Yesterday ministers from all regions of the country met at La Boquita tourist center to begin the Fourth Retreat of Interdenominational Representatives of Evangelicals of Nicaragua (RIPEN), where they will discuss topics related to their work and the unity of the Evangelical Church.

The event will conclude on Friday the 11th. Some 500 pastors representing 350,000 followers will discuss subjects related to "promoting a closer association among pastors and Biblical references to the unity and integral growth of the Church, the Holy Ghost," and other topics including "expressions of the psychological phenomenon and its Christian applications.

Reverend Gustavo Parajon, president of CEPAD, led the prayer of meditation at the opening service and referred to the work the evangelicals must do to guide their followers and prevent them from falling prey to rumors.

In the opinion of the organizers of this event, its importance lies in the fact that every 3 or 5 years pastors of different denominations--and in the case of the Evangelical Church there are about 80 in the country--get together to seek unity. This has been achieved to a greater extent in Nicaragua than in the rest of Latin America, they said, which is a valuable step forward.

This is the fourth meeting of this sort; the three previous ones were held in 1974, 1979 and 1980, and devoted to discussing various subjects. In the first RIPEN the problem of the church's social responsibility and human rights was tackled.

In October 1979, Commanders Bayardo Arce Castano and Hugo Torres were speakers, and topics such as Christian-Marxist dialogue, the Sandino ideology, and other issues related to the current revolutionary situation were discussed.

Reverend Faustino Zepeda, a member of the Committee on Relations with Churches, said that the main objective of the fourth RIPEN is to worship God. He said that the purpose of the retreat was to worship and sing and that upon their return to their communities they would see how to cope with the current situation.

The participants at the retreat are directors and leaders of the Christian community in Nicaragua, he said. Yesterday a telegram was received advising them that some of the Moravian pastors in Zelaya Norte were not attending the event because they were helping the Misquita communities move to the banks of the Coco River.

During the retreat there were a total of 10 lectures and 6 workshops. The speakers included the following: Pablo Bersgma from the Costa Rican Church; Dr Norberto Saracco, rector of the Bible Institute of the Church of God of Argentina; Dr Guillermo Garcia, an attorney and a professor of philosophy at the University of Costa Rica; and Ana Garcia from the World Council of Churches.

9805/12228

CSO: 3248/386

19 June 1986

NICARAGUA

BRIEFS

250,000 DISPLACED BY WAR--Managua's population has grown 6 percent as a result of an influx of people displaced by the war, reported a MIDINRA study of the problem of the rural exodus toward the capital. According to the MIDINRA study, "the war of aggression, starting in 1981 and continuing through 1985 has displaced over 250,000 peasants whom the state has been forced to relocate temporarily." According to the ministry, "the agrarian laws in force were unable to cope with this avalanche descending on Managua and other cities in the interior of Nicaragua, especially in a war situation. For this reason the government, acting through the MIDINRA, had to turn to other methods." The MIDINRA report says that "there were indications that the agrarian law's resources had been exhausted, so the state had to invest 650 million cordobas for unprogrammed land purchases, as the current law had no legal provisions for handling properties needed to meet the claims of peasants without land." [Managua LA PRENSA in Spanish 23 Apr 86 p 5] 7679

1985 GOLD PRODUCTION FIGURES--Nicaragua has \$10 billion worth of reserves in metals, according to Alfonso Perez Montano, INMINE's /Nicaraguan Mining Institute/ planning director, who reported that production would be notably improved this year. Perez Montano said that they hoped to extract about 32,000 ounces of gold and 8,000 of lead and zinc ore from the mines. This would bring in \$3 million more than in 1985, as a result of improved prices on the international gold market. In 1985, 24,000 ounces of gold were produced. This year we will reach 1984 production levels. Gold has gone up by \$22 in the past 4 months, and this will stimulate investment in mines. Perez Montano said that there is a series of investments in Nicaraguan minerals. United States operators stopped investing in our mines in 1976, when they saw that a victory by the people was imminent. Expectations are that the 1980 record of 64,000 ounces of gold will be repeated. /Text/ /Managua BARRICADA in Spanish 10 Apr 86 p 1/ 9805/12228

CSO: 3248/386

PERU

LIMA MAYOR CITES PENTAGON DOCUMENT ON NICARAGUA

PY261537 Paris AFP in Spanish 1652 GMT 25 May 86

[Text] Lima, 25 May (AFP) -- Alfonso Barrantes, the first socialist mayor of Lima, stated here today that there is a secret Pentagon document circulating in Europe which could seriously harm Nicaragua if it signs the Contadora document.

Barrantes, who is also leader of the United Left (IU), returned today from Madrid. He said that, according to the Pentagon document, if Nicaragua signs the Contadora document it would be practically authorizing the United States to invade it.

Barrantes added: This is why the government of President Daniel Ortega has steadfastly refused to reduce its defensive weaponry so as not to leave the Nicaraguan people unprotected. Nicaragua has agreed, however, to reduce the country's offensive weaponry.

Barrantes said the Pentagon document was apparently leaked to the media in Europe but he gave no further details on the document.

Barrantes also commented on an incident at a meeting on population and development held in Barcelona. He said the organizers proposed that he share the vice presidency of the meeting with the mayor of Santiago. Barrantes said: I could not share the vice presidency with a mayor who was not elected by the people but rather was handpicked by Pinochet, who will have the same fate of Duvalier (Haiti) and Marcos (Philippines).

/12640
CSO: 3348/606

PERU

FORMER MINISTER ON ECONOMY, DEBT PROBLEMS

Lima OIGA in Spanish 21 Apr 86 pp 16-20

[Interview with Ismael Benavides Ferreyros, former vice minister of finance and minister of fisheries, by Fernando Flores Araoz: "Peru Is Being Duped"; first three paragraphs are introduction]

[Text] Peru's recent antagonism towards international lending institutions is turning our country into a "dupe" that other nations of the hemisphere are taking advantage of to settle their own foreign debt problems. The man making this statement, which quite a few people regard as harsh while others see it as accurate, is a financier with considerable international experience even though he is only 40 years of age. To be more specific, he was a major political figure in the previous regime, in which he held important posts: general manager of COFIDE [Financial Development Corporation], vice minister of finance and minister of fisheries.

We spoke at length with Ismael Benavides Ferreyros in his peaceful San Isidro apartment next to a tree-filled park. The subject: the country's current economic and financial situation. He feels that there is a serious crisis of confidence that is adversely affecting any attempt at economic recovery; it is due both to the lack of a well-defined government plan and to the instability of the measures that have been enacted, an instability that stems from the previous shortcoming. Furthermore, the bolstering of the deficit-ridden state-run enterprises tends to worsen the situation even more.

The following is a summary of the interview, which also addressed the major issue of farming and, of course, fishing. In case we are unaware of it, Benavides received a degree in agricultural economics in the United States.

[Question] We would like you to summarize something for us. What are Peru's fundamental economic woes at present?

[Answer] The key economic problems are an oversized government, the lack of fiscal austerity, the absence of a national development plan and the lack of substantial encouragement for the farm sector and for business in general.

[Question] The democratic opposition and business circles are unanimously calling for a government plan...

[Answer] I think that from a political standpoint there should be a clear awareness of and a clear-cut message about a future vision of the country, a vision that embodies a development plan that businessmen can look at calmly. Such an environment does not exist at present, to which we should add the growing personal insecurity.

[Question] Is there an exodus of businessmen because of the government's failure to take a stand and owing to kidnaping and extortion?

[Answer] Definitely...There has to be confidence. I think that confidence is the word that could embody a lot of things, both with respect to investment and to the country towards which we are headed.

[Question] There are many assessments of current conditions in Peru. But what the country wants is specific proposals. So here is my question: What would your government plan be if you were prime minister or economy minister? How would you deal with the situation in the short, medium and, if possible long term?

[Answer] I doubt whether I could cover all aspects, but perhaps I could underscore certain points, the fundamental ones, shall we say.

[Question] Let's say a basic approach...

[Answer] I would say that the fiscal angle would come first in economic policy. In other words, cutting back the size of government and reducing the budget deficit. I'm talking about the central government and the state-run enterprises; we should sell off the ones that can be, shut down the ones that have to be, and consolidate and make more efficient the ones that the government should keep on running.

[Question] A privatization of the national economy?

[Answer] Definitely. This does not mean that the government will lose control, but it would mean a lower cost for the nation as a whole.

[Question] Would cutting spending like this mean slowing down the pace of public works? Setting better investment priorities?

[Answer] I think that the pace of public works construction should remain reasonable and in keeping with the country's potential. Peru must continue to develop and to improve its infrastructure, but in those areas that are the responsibility of the government...Oh, and I forgot to mention something important: to get rid of all government monopolies; in other words, there should also be private investment in the fields in which there are state-run enterprises.

[Question] This would simply mean abiding by the current constitution...

[Answer] Right. And it's also the soundest way to put the efficiency of state-run enterprises to the test through competition. This is in the realm of fiscal policy.

[Question] And what about monetary policy?

[Answer] As far as monetary policy is concerned, I think that we have to promote domestic savings and provide the conditions so that savings can increase and so that Peruvian money that is overseas will return. In addition, foreign investment ought to be promoted on a major scale to complement domestic savings and investment.

[Question] Could we say that this government has accomplished something by reducing the role of the dollar [desdolarizar] in the economy?

[Answer] I think that the dollar's role has been reduced temporarily and to a relative extent. This was necessary, but I don't think that the necessary steps are being taken to make this permanent. The more inflation there is, and the more skepticism there is about the exchange rate, the more we are going to return to a major role for the dollar again. There's no doubt about it.

[Question] Let's talk about development policy...

[Answer] In general, I feel that it is fundamental to promote private sector activity, to eliminate all unnecessary costs for this sector, costs that exist in Peru and nowhere else in the world.

[Question] Could you be more specific about these costs?

[Answer] I'm talking about an industrial community, about job stability that has been carried to an extreme and misinterpreted, about providing a sense of stability as to the law and the ground rules for the future.

[Question] And what do you propose for the specific sectors of the economy?

[Answer] I think that the farm sector should be a priority, but a real priority, and this starts with land tenure, the ownership of farmland. In my opinion, individual ownership should take precedence over community ownership.

[Question] With or without limits?

[Answer] There would probably be certain limits on the coast, for example, but not in the rest of the country, especially in the jungle. In addition, I think that we have to promote higher farm productivity, improve extension services, improve yields and make land mortgages possible so that the Agrarian Bank, no matter how much money it puts into farming, is not the only bank that lends to farms; the commercial banks should be involved too, like they were before. No matter how much money it lends, the Agrarian Bank is never going to provide more than 8 to 10 percent of the funds needed to finance farming.

[Question] What would you do with the fishing sector, which you were in charge of?

[Answer] I think that a national fishing plan should be developed. A new fisheries law should be enacted. The private sector should be promoted, and the sector's state-run enterprises should be shut down.

[Question] Shut them all down? PESCAPERU [State Fishmeal and Fish Oil Production Agency] and EPSEP [Public Enterprise for Fishing Services] should go out of existence?

[Answer] That's right; I think that should be the goal. In any event, joint enterprises could eventually be set up with some of PESCAPERU's plants. The government could have a share that it could cut back on over time by selling off and acquiring resources.

[Question] Isn't your proposal too radical in view of the meager domestic savings capabilities, the liquidity situation in the private sector and how important fish is in the Peruvian diet? Shouldn't there even be state-run enterprises if they are scaled back?

[Answer] Fishing is fundamental as a source of food and foreign exchange. We have to realize that the fishing industry has to be developed. We have to extract more from the sea and to fish in waters farther off the coast, which means promoting a new national fishing fleet. To do that, though, we have to lay the necessary groundwork: a new law and a specific new policy from the government.

[Question] Why didn't you do this when you were minister?

[Answer] We were starting to apply a new fishing policy during our term...We scaled back the state-run enterprises that were obviously bloated and deficit-ridden.

(The current minister, Palomino, is pursuing a statist fishing policy by bolstering the bankrupt state-run enterprises. In other words, he is undoing what has been done.)

[Question] What would you propose for the industrial sector?

[Answer] I think that we should have a more competitive industrial sector, a domestic industrial sector that enjoys proper, not excessive protection, and that balances the interests of the country's development with the interests of the nation's consumers...And for its part, the government should focus its efforts on improving living standards, improving education, health care, housing, providing the necessary infrastructure for the country's development, road, sanitation, etc infrastructure.

[Question] A neoliberal development agenda?

[Answer] This is how I think we can achieve balanced, harmonious development with a social awareness as well. In contrast to what is going on today, the bloated growth of government, which always runs counter to productive activity...The increases in the per capita gross domestic products all around us, except for Bolivia, ought to make us stop and think: What have these

countries done to achieve this development? And we're going to find that there has been a much more harmonious development and that the private sector has really been the engine of this development.

[Question] Let's look back a bit...What was your main success and your main failure as fisheries minister?

[Answer] My main failure was not finishing the job of closing down, well not closing down but at least cutting back and making PESCAPERU more manageable, with the involvement of the private sector.

[Question] And your main success?

[Answer] I don't like to talk about successes, but perhaps the main one was restoring confidence a bit in the private sector and renewing enthusiasm among private fishermen in their livelihood. Not only had they been hard hit by the mistaken policies of several previous governments or ministers, ever since Tantalean (this does not exclude the ones from the populist regime); their situation was also made critical by the El Nino phenomenon. Another positive development was that we promoted fish consumption a bit among Peruvians, though I see that it is now declining.

[Question] Do you have figures?

[Answer] I don't have figures because they're not out yet. Information delays always run counter to productive activities.

[Question] Let's take a break from economic issues. What do you think of President Garcia and his policies? You are practically from the same generation, though you obviously think differently...

[Answer] I think that President Garcia is a young man with good intentions that are in keeping with a person his age, and he is a major leader in the country. I feel, however, that although he is enthusiastic, he perhaps does not have the practical know-how to carry these good ideas forward.

[Question] Isn't he getting proper advice? Or isn't he listening to advice?

[Answer] He is obviously getting advice..But there is obviously a big gap between rhetoric and action, and this is what we can see in the country...I think, then, that the president has not succeeded in carrying through his concerns, if you will.

[Question] Could his rhetoric eventually turn against him, as in the case of the oil "tacnazo"?

[Answer] Less rhetoric and more action will keep his administration going in the long run. Because otherwise it will run out of rhetoric, after which nothing is left.

[Question] Is it possible that he might still be acting like a candidate and has not yet fully taken on his role as president, as some people contend?

[Answer] That's right, and a candidate for positions in institutions outside the country that I think seem a bit obsolete at this juncture.

[Question] A Third World or a Nonaligned Movement candidate...Is this why he takes so many overseas trips? What do you think of President Garcia's trips?

[Answer] He should take trips, but trips with a specific purpose that will bring clear-cut benefits to the country. It seems to me that, on the contrary, his trips have brought international frictions and problems rather than answers.

[Question] From the same critical perspective, could you cite some major mistake by the previous government? Did it really leave President Garcia a good legacy?

[Answer] Sure. I think that this administration has inherited a difficult situation. Many of the problems were not created by the previous administration, but it should have solved them...

[Question] Could you be more specific?

[Answer] In my opinion, the previous administration did not resolve the problem of the state-run enterprises. This was a priority task that it did not attend to. One of the reasons, in fact, was the vehement opposition from the representatives of the current ruling party in Congress...The farm problem was not taken care of either. There was no agrarian policy, and the results are obvious. There was also a bit of shilly-shallying in policy and instability in rules and regulations, which did not create an environment conducive to investment and growth...If the correct measures had been taken at the right time and if the necessary signals, the positive signals had been given to the private sector, I think that the situation would be different today.

[Question] To conclude, how would you tackle the foreign debt problem?

[Answer] The first thing is to establish a dialogue with the creditors and explain to them what the situation is and why the 10 percent proposal is justified. I think that Peru has to be very careful in this regard, because it is now projecting a negative image of antagonism and opposition towards both private and multilateral international lending institutions, and this really hurts us...I have the impression that many countries in our hemisphere, underdeveloped countries, want Peru to take this approach, because they can then use us to get what they want...

[Question] Are we being duped?

[Answer] That describes in a way what has been happening.

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CSO: 3348/557

PERU

RETIRED GENERAL REPORTED MISSING IN JUNGLE

PY091415 Paris AFP in Spanish 2000 GMT 8 May 86

[Text] Lima, 8 May (AFP) -- Military sources in Lima today confirmed that a retired Peruvian Army general has mysteriously disappeared during a trip he was making on the road to Tarapoto, in the Peruvian jungle.

Relatives of the officer, identified as General Lazaro Cardenas Caro, reported his disappearance to authorities 4 days ago.

According to the report, Cardenas Caro, 54, was driving his car on a road linking the cities of Chiclayo and Tarapoto, 780 km northeast of Lima.

Authorities found the car abandoned on the road near Tarapoto: there were no signs of violence or personal belongings inside the car. Terrorist gangs and drug trafficking rings are common in the region.

Marcela Malaga de Cardenas, the general's wife, reported that the last contact the family had with him was on 29 April, when he telephoned his house in Lima from Chiclayo to say he was going to Tarapoto to investigate some anomalies on an estate he owns there.

One of the military sources queried by AFP stated that the report seems to be true. For the time being, however, there is no official report on the matter.

It was learned that police and military intelligence personnel are investigating the case.

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CSO: 3348/606

PERU

BRIEFS

TRADE WITH CUBA--Peruvian Minister of Industry, Commerce, and Tourism Manuel Romero has said in Lima that a commission of local businessmen will arrive in Cuba during the second half of 1986 to achieve greater trade relations with our country. Romero said the contacts will be part of his sector's policy of opening new markets to achieve an increase in the exports of nontraditional Peruvian products. [Excerpt] [Havana Radio Reloj Network in Spanish 1429 GMT 24 May 86] /12640

CSO: 3348/606

ST LUCIA

MAY DAY BRINGS REVIEWS OF LABOR MOVEMENT, LEADERS' DISPUTE

Assessment of Union Situation

Castries CRUSADER in English 26 Apr 86 p 2

[Editorial: "May Day Muses"]

[Text]

"The people's Flag is deepest red"

The appearance of two Trade Union Leaders in court on the eve of May Day on a charge that one had assaulted the other, is a telling comment on the colour of the People's Flag... Deepest black perhaps. In mourning for the lack of cohesion and understanding among the leadership of the Unions in the State.

The failure of the Opposition Political Parties to bury the hatchet of their own esoteric grievances and fears in favour of the broader welfare of the workers of St. Lucia, is again a deep stain on the People's Flag. Since the demise of the Labour Government in 1982 the stock of the Trade Union Movement has plummeted dramatically. The Compton Administration tried to use the Tripartite noose to hang the Union Movement from the inception of its term of office, but when this device failed, the old divisive tactics were used effectively to weaken the solidarity and cohesion of the Movement. Certain opportunistic Union Leaders collaborated with the Prime Minister on the question of the return of confiscated passports from students who were stopped from travelling to Libya. The outcome was favourable but some of the independence of the Union leadership was compromised and a suspicion lurked that there was a deep and

continuing relationship between the union Leadership and the powers-that-be. This did not redound to the benefit of St. Lucian workers since the Union Leadership was party to the Government's plan to discredit and destroy certain Opposition Leaders. The Unionists actually used the passport situation of the students to canvass them along the lines of the official design.

In addition to this the general tactic and strategy of the Industrial Solidarity Pact was suspect. The Unions comprising the Pact were not generous enough in their thinking or accomodating enough to broaden the base of the Pact to include those Unions which operated outside the Pact. The little cabal comprising the key figures in the N.W.U., The Teachers Union and the Civil Service Union were too introverted and self-centered to extend the palm of solidarity to Unions like the Seamen and the St. Lucia Workers Union. The People of St. Lucia suffered as a result.

The single most disruptive factor in the weakening of the Union Movement is the failure of Trade Unionists to appreciate the historic link between the Unions and the Opposition Parties in Caribbean politics. Caribbean Unions can rarely function away from the populist base of the political Labour Movement and whenever this nexus is interfered with or broken then the Unions cannot earn the respect of either the Government or the Management spectrum in the country. Some Trade Unionists in St. Lucia tried hard to destroy the PLP which provided the very clout and charisma which the Unions bask in. They succeeded in throwing away the Union Baby while the objectionable PLP bath-water remained.

In the course of last year Trade Unionism took another serious body-blow when the

Teachers Union became the focus of a scandal involving its General Secretary and the irregular use of union funds. The incident appeared to have deeper implications and involved other organisations. This incident struck hard at the credibility of the Union Movement and once again the workers were on the receiving end.

Against this background it was not difficult to envisage that the hand of the Government, the Employers and the anti-union forces would be severely strengthened. The Prime Minister crowed that "The Strike Weapon is Dead" and the loss of morale in the work-force was serious. The Trade Unionists lost their edge and their nerve in the collective bargaining process and individual workers became cannon-fodder to Management.

The utter cynicism of the Government was manifest in their insistence that workers should get no more than a TEN PERCENT wage increase and the Parliamentarians proceeded to increase their own salaries by FIFTY-SEVEN PERCENT. The blunt refusal of the Government to honour Agreements on Back-Pay made with the Public Servants and the Cabinet's high-handedness in changing the terms of agreements made round the Bargaining Table, should be a CLARION CALL TO ALL UNIONISTS and ALL LABOURITES.

MAY DAY 1986 should be the rallying-point for all workers and Unionists intent on seeing the People's Flag unfurl again.

May Day Message

Castries CRUSADER in English 26 Apr 86 p 6

[Unsigned item headed "May Day Message," accompanied by photograph captioned "Peter Josie"]

[Text] For many years now the Trade Unions Movement in St. Lucia have remained divided along weak artificial barriers that appeared to be inspired more by the personalities at the Leadership level rather than any deep and serious problems with concepts or policy. The disunity of the Trade Union Leadership in St. Lucia is at the centre of the unemployment and labour problem in St. Lucia. The Trade Union Movement has been unable because of its scattered and disorganised talent (and unwillingness in few instances) to look beyond the exchanges of the bargaining table into serious discussions with employers and government aimed at a Prices and Incomes policy for the nation.

The leadership of the movement must think seriously of changing the image of meaningless confrontation strategy with doubtful propaganda value, into one of serious research and sound economic valuation and recommendation. In fact the Trade Union Movement must seriously address itself to the idea of creating job opportunities for members and their families and participating in social and community programmes where possible.

If the Trade Union Movement was united, it could work out a policy for organised labour with which it could negotiate political support. If it spoke with a single voice on employment issues any sensible government would be sure to listen to it.

On the other hand if the Trade Union Movement is seen to be creating an atmosphere of confrontation and hostility without a parallel strategy to change things around in a meaningful way for their members no one will take the Movement seriously. Besides useless talk and action is often a smoke screen to hide the sterility of questionable characters posing as Trade Union Leaders.

May Day activities is always an opportune moment for the Movement to take a look at the situation of the workers which it represents. This May Day the Trades Union Movement should also examine the relationship of one to another and begin manfully to search for the path of unity and co-operation. The discussions preceding the organization of this May Day Celebrations show that a common purpose can inspire confidence and a cordial environment for discussions.

One would wish to see this small beginning continue after these 1986 May Day celebrations. The ILO has indicated interest in a Tri-partite seminar to be held in St. Lucia around the middle of May this year. The C.C.L. and the I.C.F.T.U. have just sponsored a high level conference on an economic policy for the Caribbean where this union was represented by four top officials.

The local Trade Union Leadership would do well to set aside all its petty personality problems and even ideological barriers to come together immediately to discuss the pressing problems of employment, productivity, prices, wages, investment that are all so crucial to the very survival of Trade Unionism. The theme of this May Day celebrations is unity for change. It could just as easily be "CHANGE FOR UNITY" for unless a change takes place within the heads and hearts of those responsible there will be no change for unity.

It is my wish that the Holy Spirit of St. Joseph the Worker shall enter the souls of the Trades Union Leadership and that Unity shall Prevail from this day on.

Political Tussle

Castries CRUSADER in English 3 May 86 p 1

[Text] A May-Day Volley-Ball-Orama at Gros Islet on Thursday afternoon ended somewhat abruptly during the Prize-giving ceremony when District Representative Peter Phillips and Julian Hunte, reportedly a contender for that Constituency almost came to fisticuffs.

The incident arose from a dispute between the two politicians as to whose donated-trophies should be awarded to the winners. Mr. Hunte had donated two trophies and \$150.00 for the occasion and the District Representative had donated chicken and other food items to the Super-Reds Team which organised the event.

On learning of Mr. Hunte's donation District Representative Peter Phillips rushed to his home and produced a trophy. He also stated that as representative he expected to distribute the trophies and give the vote-of-thanks address at the end of the ceremony.

At Prize-giving time Hon. Phillips insisted on handling out all the trophies and Mr. Hunte insisted that his trophies must be handed out by him and not by Mr. Phillips. This comic episode degenerated into farce when Hon. Phillips grabbed Mr. Hunte's trophy and Mr. Hunte grabbed it from him and for one whole absurd minute both politicians were tugging and pulling at the trophy in an indecent squabble. The District Representative threatened to beat Mr. Hunte and the episode ended in ridicule and bathos before the public gaze when Mr. Hunte fell on his knees and beseeched Hon. Phillips to chastise him. "Beat me," he said, "Beat me."

This entire unsavoury episode has been another phase of a war of words going on between the Representative and Mr. Hunte who sees himself as a challenger for the Gros Islet North seat in the forthcoming General Elections. At the recent Budget Debate Hon. Phillips described Mr. Hunte as "a man of straw" and Mr. Hunte in turn has vowed to "fight fire with fire."

/8309

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ST VINCENT AND THE GRENADINES

BRIEFS

PACT WITH BONN--Port-of-Spain, Trinidad: (CANA)--St Vincent and the Grenadines and West Germany have completed a bilateral treaty on the encouragement and reciprocal protection of investments, the German Embassy in Port-of-Spain has announced. The embassy said that the treaty is aimed at intensifying economic cooperation between the two countries and creating favourable conditions for investments by nationals and companies of either state in the other territory. Over the last two years, Germany has signed such agreements with Dominica and Saint Lucia. The document was signed in Kingstown by the Prime Minister of St Vincent and the Grenadines, James Mitchell and the Port-of-Spain-based German Ambassador for the Eastern Caribbean, Joachim-Richard Vogel. [Text] [Georgetown GUYANA CHRONICLE in English 2 Apr 86 p 1] /8309

CSO: 3298/454

TRINIDAD AND TOBAGO

MINISTRY OFFICIAL SUSPENDED IN RICE IMPORTS PROBE

Port-of-Spain TRINIDAD GUARDIAN in English 10 May 86 p 1

[Article by Norris Solomon]

[Text]

A SENIOR official of the Ministry of Industry Commerce and Consumer Affairs was suspended from duty yesterday while police investigations continue into the "scandal" involving the importation of rice into Trinidad and Tobago.

Decision to suspend the official was taken on the advice of the Public Service Commission.

The suspension follows internal and police investigations into the continuing importation of rice from the United States despite the fact that rice was put on the negative list in April last year.

Contravention of policy decisions taken by Government resulted in millions of pounds of rice being imported into the country in excess of the agreed amounts for which licences had already been issued.

The officer was handed his suspension papers shortly after midday yesterday.

A Ministry official confirmed that the suspension followed internal investigations as part of the normal administrative requirements in the public service.

However, he said, police investigations into the possibility of corruption were continuing.

Overall Update

Three weeks ago Minister of Industry, Commerce and Consumer Affairs Senator Wendell Mottley revealed that the police had been called in to investigate the possibility of corruption in the importation of rice into Trinidad and Tobago.

Minister Mottley, who accompanied Prime Minister George Chambers on an official tour of Venezuela earlier this week, returned on Wednesday night and told the "Guardian" on

Thursday that he was seeking to have an overall update on the rice situation.

Following the decision to place rice on the negative list Cabinet agreed that the National Flour Mills should be sole importer of rice after the State-owned Flour Mills had negotiated for and taken over the "rice mill" at Carlsen Field.

In September last year Government also agreed that persons who already had licences for importation would continue to do so for the amounts in their licences.

In addition, imports from Guyana would continue to be the responsibility of the Ministry to the end of the year.

However, importation of United States rice continued this year by companies granted licences, reportedly in contravention of Government's policy.

Rice farmers complained and drew attention to the continuing hardships faced while the local rice remained on their hands.

The National Flour Mills gave assurance this week that all local farmers' rice would be purchased despite the problems faced by the granting of licences in contravention of the Cabinet decision to place rice on the negative list.

A "Guardian" check on the overall rice situation yesterday revealed that local consumption of rice is more than 100,000 tons a year of which local farmers produce about ten per cent.

The remainder has to be imported.

Paddy is sold by the farmers to the National Flour Mills at 89 cents a pound.

The National Flour Mills which has the monopoly to import is in a position to buy rice from the United States at the same price, make a profit and subsidise the farmers.

A source at the Ministry explained yesterday that there was a breach of the policy of Government to issue licences for the purchasing of rice and that was the issue under investigation.

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CSO: 3298/450

TRINIDAD AND TOBAGO

FEDCHEM LOCKOUT ANGERS UNION, SPARKS ANALYSIS OF RELATIONS

Union Views on Wages

Port-of-Spain DAILY EXPRESS in English 17 May 86 p 3

[Text]

THE Oilfields Workers Trade Union (OWTU) yesterday rejected a claim by Federation Chemicals Ltd (Fedchem) that the company had been paying salaries and benefits which were equal to or better than most of those offered in other industries in the country.

At a news conference held at the offices of the OWTU in Port of Spain yesterday, Fedchem Branch President Sylvan Wilson said the company quoted the highest wages paid.

He said labour costs at Fedchem were still six to eight per cent of the company's total cost of production.

Fedchem locked out 99 of its workers on Thursday following a breakdown in wage talks.

However, about one-third of that number have since signed individual contracts and were allowed through the gates.

Fedchem is offering a seven per cent wage increase over three years.

The OWTU said yesterday it understood that a meeting was scheduled for Thursday next between the Ministry of

Labour and Fedchem.

The union also said the lockout would continue for as long as the

workers could stand it and for as long as the company could withstand the disruption in its operation.

According to Wilson, Fedchem was in a position to pay a 40 per cent wage increase as a result of the devaluation of the Trinidad and Tobago dollar.

He said the union was not asking for 40 per cent.

He said salaries at Fedchem differed 10 to 25 per cent on the higher side with other ammonia producers.

Wilson in declaring the salaries of its workers, Fedchem did not focus on lower category workers and he said there were several workers with over seven years service at the company whose salaries were just over \$2,000 per month.

"They are entitled to a just and fair increase," Wilson said.

OWTU's 1st vice president, Errol McCleod also charged at the press conference that the company went ahead to serve lockout action at a time when the political directorate and the Employers Consultative Association was calling on workers to make downward adjustments and to lessen the incidence of industrial action.

He said the union was mindful of the economic realities of Trinidad and Tobago but with some reservations.

He said the union was trying to avoid strikes where possible and was advocating that the Industrial Court would listen to submission of both parties and offer a decision.

McCleod said it was not a case of exorbitant increases or seeking industrial action but a case of employers seizing upon a situation affecting Trinidad and Tobago and seeking to extract every ounce of blood from the backs of the workers.

Port-of-Spain SUNDAY EXPRESS in English 18 May 86 pp 1, 18

[A SUNDAY EXPRESS investigation by Andy Johnson: "Lockouts--Are Employers Turning the Screws on the Powerful Trade Unions?"]

[Text] **IN HIS customary subdued missionary's voice, the veteran Cabinet Minister, Dr Cuthbert Joseph, appealed last week for "industrial peace" in Trinidad and Tobago, but from the looks of things only a miracle could effectively bring about such a peace.**

In the last 72 hours alone, two companies — Federation Chemicals (Fedchem) and Furness and Watson — have locked out workers as industrial strife escalates and trade unions claim workers are increasingly being held to ransom.

Fedchem locked out 99 of its hourly rated workers on Thursday after bi-lateral talks with the Oilfields' Workers Trade Union (OWTU) broke down. On Friday, Furness and Watson shut the gates against 13 workers represented by the Seamen and Waterfront Workers Trade Union (SWWTU) after a breakdown in negotiations.

And yesterday, OWTU officials at Trinidad Aggregate Products (TAP), a brick factory in Longdenville, said the company had given notice of intention to lock out 23 workers in the bargaining unit on Tuesday morning, following the collapse of contract talks at the Ministry of Labour last Thursday.

"It is only deadlocks, deadlocks, deadlocks," a usually unflappable industrial relations expert — a man of considerable international reputation — said in Port of Spain at week's end during a *Sunday Express* investigation into the current state of industrial relations in the country.

He was all but throwing his hands into the air as he spoke of the reduced effectiveness of the Ministry of Labour in the present circumstances, and about

the pig-headed attitude of both employers and trade unions in the face of the current economic realities.

At the Ministry itself, labour officers and senior officials were huddling early Friday morning, depressed but apparently not devastated, considering the lockout at the Fedchem plant in what appears to be the onslaught by employers against trade unions and workers to force them to accept the view from the boardrooms.

But what of the present state of affairs? Figures being compiled by the ministry reveal in 1985 there were 879 industrial disputes reported officially. Of these 123 were resolved, 299 remained unresolved at the end of the year, 102 were withdrawn, 85 referred to the Industrial Court, 225 were recorded as incomplete, six were partially resolved and 11 sent to the Recognition, Registration and Certification Board.

Up to the end of April, 1986, there were 286 industrial disputes reported to the ministry, 171 of which were recorded as incomplete, 23 were resolved and 421 unresolved. Sixteen matters were referred to the Industrial Court and 12 were withdrawn. There were also 34 strikes and 11 lockouts in 1985, and so far this year there have been no strikes and five lockouts.

The all-time high for certified industrial disputes was 915 in 1984, but that does not alter the case according to another Labour Ministry brass that "these are unique times requiring innovative approaches to industrial relations, and sadly that does not seem to be forthcoming on either side."

By Tuesday morning, then, the count could climb to eight lock-outs against workers and no strikes so far this year as the crisis intensifies.

"It may appear that the employers are using the lock-out (as a weapon against workers and unions)," Robert Robinson, a director at the Employers Consultative Association (ECA), said in response to a question.

"But that is because the unions are still being unreasonable. You have to take into account the national picture and you cannot look merely at your own sectoral interests because we are in a downturn," he said.

But the trade unions are not having any of this national picture argument, claiming that they are being as responsible as they could possibly be and suggesting instead employers are seeking to grab back from the workers, wages and fringe benefits which were won after intense struggles even in the years of plenty in the decade of the 70's and early 80's.

"And without justification to boot," declared Cecil Paul, General Secretary of the Council of Progressive Trade Unions (CPTU) and second vice-president of the OWTU.

In cool but clearly determined manner, Paul, a 13-year veteran of the industrial relations frontlines in Trinidad and Tobago, spoke of his fears that employers were now in the driver's seat in what he called the battle for dignity at the workplace. And he sounded terrified of the prospects.

"It looks as though the employers will impose a settlement on the society in this situation," he said, outlining the several earlier periods of political and economic crisis when each time it was the workers who imposed their will on the society at large.

"In '37 it was the workers who forced the issue on the colonial question. In '56, it was the workers who supported the nationalist movement led by Eric Williams. In the 70's it was the workers who demanded and got a better shake in employment in the banking and insurance industries and made major breakthroughs on foreign ownership in the economy," he said.

"The fact is that we have never sat down and worked out a settlement in these critical times in our history and this time the employers have the upper hand and the settlement they want to impose of course is for lower wages and salaries, reduced or eliminated benefits, etcetera."

His point was that "progressive trade unions," such as the OWTU, would never stand idly by and allow the employers to get away with this.

As reticent as they are to speak for the record on this which they all agree is "a most sensitive issue," try as they may, Labour Ministry officials cannot hide the gloom they feel about the present state of affairs.

At least on one count, the private views at Riverside Plaza concur with the cries of the trade unions that employers are attempting to diminish the power of the trade unions, if they are not actually union busting, using the lock-out to its full impact.

What is happening, Paul asserts, and ministry officials speculate, is that an employer uses his legal right to lock out the workers during a certified industrial dispute and then hands each worker a letter stating the company's terms and in many cases the worker has no choice but to accept those terms if he wants to keep his job.

"There is no way we could fight against this tactic, Cecil Paul said, pointing out the high level of vulnerability among workers in many instances. The ECA's Robinson in effect confirms that workers are reaching for the letter after lockout, seeing it, however, as the worker's willingness to accept the present realities.

But Paul claims that while labour officers at the ministry "do their best" in the present circumstances, "the Ministry is ineffective in the face of the unity of the employers. They are using the ministry as a conduit to go to the court in many instances because the ministry only has conciliatory powers and the employers are simply not listening to anything the ministry is saying because they do not have to."

From the Ministry's point of view, the idea is not to place blame in any single quarter, but "the fact is that there is no evidence of a willingness to compromise on either side and this is essential in times

such as these. Personally I am quite disconcerted by the present state of affairs," one official said in quiet desperation.

The ECA's Robinson disputes the assertion that employers are turning the screws on powerful unions such as the OWTU in order to set an example to the others but the point was made that in several of the major issues over the last two years it was the OWTU versus one company or another. The strike at Lever Brothers, at Metal Box, at Caribbean Packaging Industries and at Caribbean Tyre (Dunlop) were all companies where the OWTU is the recognised union.

So is there a plan to make an example of the blue shirt army? Or is the union in the forefront of going the furthest distance in defence of its members and, by extension, workers in the society at large?

This is the gulf that exists between the two principal sides in the current industrial relations climate, one that by accounts on both sides seems an almost herculean task for the ministry of labour. "No ministry of labour anywhere in the world can achieve success in the kind of environment in which we are operating at present, the expert said, and an indication of the worsening state of affairs is contained in the address by Central Bank Research Director, Dr Terrence Farrell at the workers seminar last week.

Farrell presented figures in a paper showing that during the boom years there had been considerable improvement in the industrial relations environment but since 1983 lost man-hours increased due to industrial conflicts and he added: "as the economy contracts and there is a struggle to maintain relative income shares, it is not clear who would succeed, but the struggle would be destructive."

In 1975 the government used the police to smash the attempt at solidarity between oil and sugar workers during the crisis at that time, and some unions are claiming again that there is a visible use of police power once more as workers attempt to demonstrate against employers in these hard times.

Quietly, steadfastly, the country has inched back to the precarious state of affairs in industrial relations making for a divided nation and, to quote one despondent labour relations officer, nobody knows "whither goest thou."

Union Determination

Port-of-Spain DAILY EXPRESS in English 21 May 86 p 5

[Article by Davan Maharaj]

[Text]

LOCKED out senior staffers at Federation Chemicals Ltd (Fedchem) continued their sixth day outside the company's gates yesterday, insisting that they would not yield to Fedchem's present offer.

A union spokesman at the Pt Lisas site said the majority of senior staffers were still outside the gate, adding that just about one third of the bargaining unit had signed individual contracts. "There is no way that we are going back on the present terms and conditions," a spokesman told the *Daily Express* San Fernando Desk yesterday.

The *Daily Express* understands the Oilfields Workers Trade Union (OWTU), which represents the Fedchem staff, will meet with Labour Minister John Donaldson tomorrow to discuss the impasse.

The spokesman also warned the plant would become increasingly unsafe as most of the senior engineers, supervisors and foremen, were locked out. He said the employees of Fedchem's safety department had also refused to sign the individual contracts and therefore monitoring of safety procedures were virtually absent.

"The operators and other hourly rated workers would have to come outside if there is any mishap or any other changes in the normal running of the plant," he said.

It has also been reported that some Fedchem managers had been asked to work 12-hour shifts in order to offset the gap left by the lockout. The spokesman said while they could not question the competence of the managers, they would be "out of touch" with the daily running of the operations.

/8309

CSO: 3298/460

TRINIDAD AND TOBAGO

UNION LEADER SAYS GOVERNMENT OUT TO DISMANTLE SUGAR INDUSTRY

Port-of-Spain DAILY EXPRESS in English 17 May 86 p 6

[Text]

ALL TRINIDAD Sugar and General Workers Trade Union General Secretary Sam Maharaj said there was a deliberate plan by Government to gradually dismantle the sugar industry so as to weaken and destroy the political base of the opposition.

Maharaj told this to a sugar workers' seminar held at Bacolod Negros in the Philippines last month. The seminar was organized by the International Commission for the Coordination of Solidarity Among Sugar Workers (ICCSASW). Maharaj referred to the Plan to restructure the sugar industry proposed by Caroni Ltd's Board chairman Frank Rampersad.

Said Maharaj, "The Rampersad proposals give no consideration to the immense human suffering which could result from the sacking of the 8,000 workers, since there is no guarantee for re-employment. The workers, some of whom have been labouring for over 40 years on the sugar estates, are given no assurances except that 2,000 farms will be created and that each farmer may hire two additional workers."

Maharaj said the Rampersad Plan had sought to transfer the risk and costs of change to the workers and farmers without effectively reducing the burden on the State. Maharaj told the international seminar that strong protest by the union forced the plan to be abandoned.

According to Maharaj, the sugar crop for 1985 had been the worst in 36 years. He said production dropped from 250,000 tonnes in the late 1960s and early 1970s to merely 81,000 tonnes last year. Said he, "As a result of this decline in production, almost all sugar produced locally is exported to the EEC and US markets and almost all the sugar for local consumption is imported."

Said he, "It is ironical, however, that the sugar industry continues to record losses while government has failed to implement the recommendations of the Spence Report."

Maharaj explained that the Spence Report suggested the diversification of the industry thereby generating employment and the optimum use of all available resources. He said the Spence Report paid special attention to the avoidance of human suffering and suggested fundamental changes in the management systems. He said this report, if implemented, would have led to financial viability of the industry in the shortest possible time.

Said Maharaj, "The divergence from the Spence Report to the Rampersad Plan could only be seen as part of a plot to break up the industry. Should the industry be closed, there would be serious repercussions throughout the economy quite apart from the immediate impact upon those directly employed."

TRINIDAD AND TOBAGO

ELECTORAL BOUNDARY CHANGES COULD FAVOR RULING PNM

Port-of-Spain DAILY EXPRESS in English 19 May 86 p 2

[Article by Anthony Milne]

[Text]

CHANGES made to electoral constituency boundaries in the report of the Elections and Boundaries Commission (EBC) could mean the number of safe seats for the People's National Movement (PNM) will increase.

It has been suggested that, based on a comparison between the 1981 voting pattern and the present, the PNM's position has been strengthened, for example, in Port of Spain South, Barataria-San Juan, Caroni East and San Fernando West.

The East-West Corridor from Port of Spain to Toco-Manzanilla, the area most affected by the report's recommendations, has been a PNM stronghold. But the National Alliance for Reconstruction hopes that what they see as a change in the mood of the country could counteract this.

NAR activists were analysing the report on Saturday, and its recommendations were to be discussed at an executive meeting yesterday.

The report, now expected to be laid in the House of Representatives by Leader of Government Business Kamaluddin Mohammed on Wednesday, has recommended that the total number of constituencies for the general election remain at 36, with important boundary changes in the Port of Spain constituencies, San Fernando East and West, Pointe-a-Pierre, Couva South, Caroni East, and St Augustine.

The constituencies of San Juan and Barataria

have been joined, and Arouca divided in two.

External Affairs Minister Errol Mahabir, who is the PNM's deputy political leader for party and election matters, told the Daily Express on Saturday he couldn't comment on the boundaries recommended by the EBC until they are approved by Parliament.

"After the report is accepted," Mahabir explained, "then the party's constituency groups will have to look into the changes and see how they are affected. Discussions will then take place in the party's Mobilisation and Elections Committees."

Approval of the report will leave the way open for the PNM's nomination process — which could be initiated at next Sunday's General Council meeting.

The joining of San Juan and Barataria constituencies means that either Muriel Donawa-

McDavidson or Kamaluddin Mohammed, both Cabinet Ministers, will have to look for another constituency.

National Alliance for Reconstruction party leader ANR Robinson said on Saturday he hadn't yet seen the report. Nor had Opposition Leader Basdeo Panday been able to study it.

An updated annual list is to be produced by July 1, and before an election takes place an electoral list should be produced under the scrutiny of party representatives.

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CSO: 3298/460

TRINIDAD AND TOBAGO

ROBINSON SETS GUIDELINES FOR NAR CANDIDATES' CONDUCT

Port-of-Spain TRINIDAD GUARDIAN in English 10 May 86 p 3

[Article by Gail Alexander]

[Text]

PROSPECTIVE candidates of the National Alliance for Reconstruction have been instructed by NAR Political Leader A.N.R. Robinson on the principles by which they should be guided.

Mr Robinson did so as he addressed more than 100 NAR nominees at a special meeting held at the party's San Fernando headquarters, Barron Building, Cross Crossing, last night.

The meeting preceded screening of the party's prospective candidates which begins today and continues tomorrow.

Briefing candidates at last night's meeting, Mr Robinson informed them of the NAR's principles and philosophies. He explained what expectations the party would have regarding their representation, and the principles which they should consider as guidelines.

Where the latter was concerned, Mr Robinson addressed the nominees on integrity, accountability in public life and a code of conduct for government officials, among other subjects.

Screening of NAR nominees for the 36 existing seats throughout Trinidad and Tobago begins at the NAR North offices, Albion Street, Port-of-Spain, at 9 a.m. today. Prospective candidates from North and East Trinidad will be screened there.

More Tomorrow

The exercise continues tomorrow for nominees in the South and Central constituencies who will be screened at the party's South headquarters at Cross Crossing.

Party officials yesterday expressed hope that the entire exercise could be completed within the two-day period, but added that it may have to be continued.

When screening is completed, they explained, the next step would be consultation with the various constituencies regarding the respective nominees. NAR officers said:

"We will have to consult the constituencies about the choice of candidates. We will not be able to install someone as a prospective candidate just like that without doing so. Hopefully this will start next weekend."

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CSO: 3298/450

TRINIDAD AND TOBAGO

BROAD RANGE OF BACKGROUNDS FOUND IN NAR CANDIDATES

Port-of-Spain DAILY EXPRESS in English 19 May 86 p 33

[Text]

TWO former Cabinet Ministers, several Members of Parliament, seven doctors, seven lawyers, and three accountants are among the present list of 90 nominees to run for constituencies for the National Alliance for Reconstruction (NAR) in the general election.

"An embarrassment of riches," is how the slate of prospective candidates was described by party leader Ray Robinson at an NAR meeting on Friday.

The presence of MPs and former Cabinet Ministers, he added, together with four city or borough councillors and seven county councillors suggests an "impressive collection of political experience."

Two economists, three school principals and seven other teachers, an architect, a surveyor, a geologist, four company directors, two active trade unionists, busi-

nessmen, a housewife, and a farmer who has won the National Farmer of the Year Award are also among the nominees.

So are two former football stars.

Robinson reminded party members the process of selection is not yet over and it is possible that "even more talent will be unearthed."

The party is also carefully considering prospective senators, 16 of whom may be appointed by the Government.

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CSO: 3298/460

TRINIDAD AND TOBAGO

DOCK WORKERS FIND COCAINE, WEAPONS IN CONTAINERS

Port-of-Spain TRINIDAD GUARDIAN in English 17 May 86 p 3

[Text]

DOCKERS have claimed that cocaine, arms and other contraband items have been found in containers which they unstuff, but that reports of such discoveries have never been made by the business community which unstuffs 90 per cent of the incoming containers.

Francis Mungroo, Secretary General of the Seamen and Waterfront Workers' Trade Union, made the charge on Thursday as the three-day Second Regional Dockers' Conference ended at the Holiday Inn.

The conference was held by the Caribbean Maritime and Aviation Council, and the International Longshoremen's Association.

Speaking to the media about resolutions taken at the conference, Mr Mungroo said that one of these was agreement on a common contract for loading and unloading cargo with special emphasis on containerisation.

The situation is specially important, he said, in the case of Trinidad and Tobago where the Port Authority has proposed allowing dockers to unstuff more containers at the Port. This proposal has met with criticism by the Trinidad and Tobago Chamber of Industry and Commerce.

Jobs For Seafarers

Mr Mungroo added that dockers only unstuff about 9.8 per cent of the incoming containers, but so far they have found in these, cocaine, arms and

ammunition, and other illegal items. He pointed out that the business community unstuffs about 90 per cent of incoming containers, and asked:

"Have we heard about discoveries of any such items in this large amount of containers they unstuff?"

He dismissed the Chamber's view that unstuffing containers would result in the public paying greatly-increased prices, explaining that so far shippers have been able to save money for themselves by unstuffing containers — with child labour — he claimed. In addition, he pointed out that the practice which the business community employs results in containers parked indiscriminately all over the city and in the suburbs.

Another resolution taken on Thursday by the CMAC calls upon Caribbean governments to pledge their active support in obtaining jobs for seafarers by insisting that ship owners and agents provide jobs for them on certain terms and conditions.

Further it stated, governments should consult with representative unions of seafarers in the region, particularly the CMAC.

The conference also passed another resolution calling for measures to be taken to prevent or reduce problems now caused by recently changed cargo-handling methods, and other current conditions.

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CSO: 3298/460

TRINIDAD AND TOBAGO

BRIEFS

PARTIES CONTESTING ELECTIONS--Four parties have so far shown an interest in the upcoming general election, but 40 parties which have been assigned symbols remain on the records of the Elections and Boundaries Commission. They are not removed until an application is made. The People's National Movement's balisier, the National Alliance for Reconstruction's A-beam, and the National Joint Action Committee's clenched fist in the sun will figure prominently. Also interested is Michael Als's People's Popular Movement, with its crossed hammer and cutlass in a broken chain. Ramdeo Sampat-Mehta, leader of the National Freedom Party--two open hands--has said he won't take part. Dr Ivan Perrot has been writing in the weekly press, but he and his Liberation Action Party--a lappe--have showed no interest so far. Among those parties still on EBC's records are the old Democratic Labour Party and its flaming torch, the Butler party and its palm frond, John Broomes's African National Congress with its lion's head, and the Coming of the Messiah party with its tree. [Text] [Port-of-Spain DAILY EXPRESS in English 16 May 86 p 32] /8309

CARONI SUGAR CROP--State-owned Caroni (1975) Limited will end its 1985 sugar crop over this weekend. The company has produced to date 89,344 tonnes of sugar just 2,236 tonnes less than its target of 91,580 tonnes. The company has continued the crop beyond the original termination date of May 16 and by this weekend it expects all the remaining company and farmers' canes will be harvested. Caroni said that malicious and unplanned fires severely affected this year's crop. So far 27,616 tonnes of cane, the equivalent of more than 2,000 tonnes of sugar, had to be abandoned. Another 450,000 tonnes of cane affected by fire reached the factory. Because the fires were not planned they disrupted the crop plan by stretching available harvesting transport and production resources and lowering the overall cane quality. The fires increased the amount of cane necessary to make a tonne of sugar and reduced overall earnings. The crop was also affected by industrial action taken by daily-paid workers, a company source said. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 21 May 86 p 1] /8309

CSO: 3298/460

TURKS & CAICOS

MINISTERS DENY REPORTS OF IMPENDING RESIGNATIONS

Grand Turk TURKS & CAICOS NEWS in English 17 Apr 86 p 2

[Text]

CHIEF Minister Bops Francis has assured his supporters that no ministers, including himself, are planning to resign, thus putting the lie to reports that there would be at least two resignations within the Government shortly.

The Chief Minister, speaking to the *News* last week, said he made this assurance at a PNP meeting in South Caicos earlier that week.

The meeting was called by the women's branch of the PNP in that constituency, partly to discuss reports that some of the ministers were contemplating offering their resignations.

The meeting also dealt with the adequacy of dredging and dock facilities to cater for the proposed hotel development on South Caicos and Francis said he assured people that these would be ready for the arrival of ships which will bring supplies.

Deputy Chief Minister **Robert Hall**, also speaking to the *News* on the resignation issue, said that he endorsed the Chief Minister's remarks about no minister having plans to resign.

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CSO: 3298/455

TURKS & CAICOS

GOVERNOR'S POWERS IN COMMISSIONS OF INQUIRY EXAMINED

Grand Turk TURKS & CAICOS NEWS in English 17 Apr 86 p 3

[Text]

THE recently-passed Commission of Inquiry ordinance outlines powers vested in the Governor of these Islands and states that the Governor may appoint one or more commissioners to inquire into the conduct and management of any public body, the conduct of any public officer or into any matter whatsoever which in his opinion is of public importance.

Powers are also vested in him to specify the subject of the inquiry; direct when and where the inquiry is to be held; to whom and at what time a report on inquiry is to be rendered; and may from time to time prolong the period within which such inquiry is to be held and such report rendered.

He also vested, without prejudice to the powers of a commission, to receive and consider such other evidence as it may think fit, to direct what material should be received and considered by the Commission.

The Governor can also direct what matters should be outside the terms of reference of a commission.

He can order, also, that the evidence of certain persons or classes of persons be taken... and that certain documents or classes of documents be inspected by a commission.

The ordinance empowers a commission for complying with stated directions and conducting the inquiry generally to receive and consider any material by way of oral evidence, written statements, documents or otherwise, despite the fact that such material would not be admissible in civil or criminal proceedings.

- To determine the manner in which such material shall be received and what class of persons shall be permitted or required to give evidence.

- Require any person who wishes to give evidence before the Commission to submit a summary in writing of the evidence proposed to be given.

- Summon any person (according to prescribed form) to attend, to give evidence or to produce any article or document.

The Commission is also empowered to award any person attending before the Commission such sum as in the opinion of the Commission represents the loss to that person occasioned by the time spent in such attendance.

The Commission is also empowered to prohibit the disclosure or publication of material received by the Commission from any person attending before the Commission, in whole or in part.

TURKS & CAICOS

PAPER COMMENTS ON WORK OF COMMISSION OF INQUIRY

Grand Turk TURKS & CAICOS NEWS in English 24 Apr 86 p.4

[Editorial: "An Important Signal"]

[Text]

There is a Commission of Inquiry going on in the Islands right now and, as you know, we are not at liberty to comment on the investigations as they are going on. It is not our intention to comment on the investigations, even after they are completed. It is our hope that when the Commission has completed its inquiry and the facts are made available to the general public there will be no need for comments. The only need we hope there will be is for responsible people to come forward and band together, regardless of political persuasion, and help to restore good government to this territory.

We believe this is what the British Government is trying to accomplish here. There would be no need for the Secretary of State in London to order a Commission of Inquiry to investigate certain matters here "in the interest of the good government of the Territory" if there had not been reason to suspect that the Turks & Caicos Islands have not been running a good government.

There are many who are criticising this "interference" by the British Government, but if we were to criticise the British Government for anything it would be for its reluctance to step in much sooner to help bring some semblance of decency and direction to this wicked and confused little colony.

Like some of our leaders expressed in last week's paper we, too, welcome the Commission, but we are a bit disappointed that the Commission's terms of reference appear to be somewhat narrow in certain areas and rather vague in others. Our observation, nevertheless, is not in the least to question the intention or effectiveness of the Commission, for we have been warned by a very knowledgeable source that we should not "underestimate the seriousness of this Commission."

If, however, the investigations now being conducted reveal very little at the end of the six-weeks run, the Commission still will have been a good thing for these Islands. It will have helped to underscore what the Governor said in a recent interview with this paper: "The British Government is committed to running a clean operation in this Dependent Territory."

If the Commission of Inquiry accomplishes nothing else, its sitting in these Islands will have driven home a vital message to all and sundry that, with the aid of the British Government, the Turks & Caicos Islands are making a sincere attempt to clean up their act. And that is an important signal to the world at this time.

/8309

CSO: 3298/455

19 June 1986

TURKS & CAICOS

BRIEFS

GOVERNMENT OFFICE FOR PROVO—Chief Secretary Ron Pincott last week told the NEWS that plans are being initiated to establish a Government secretariat in Provo, noting that this island was rapidly developing and in need of a Government block representative of all departments. Said the Chief Secretary: "We have to provide services to meet the needs of an expanding population and economy." Pincott said that at the moment there were government departments on the island, but these were scattered, which supported the need for centralisation. He said that they were now working to come up with a report which would forecast departments' needs, address such issues as accommodation and look at funding for the project. He added: "We have just started planning to tackle the problem. [Text] [Grand Turk TURKS & CAICOS NEWS in English 6 Mar 86 p 1] /8309

FINE FOR DOMINICAN FISHERMEN--Seven fishermen from the Dominican Republic were fined and their fishing vessel confiscated when they pleaded guilty to charges including that of fishing illegally in these waters before Magistrate Phillip Sutherland last week. Police Prosecutor Marc Henry told the court that the seven used spearguns for taking marine products from within the maritime zone of the Turks & Caicos Islands. The seven, Capt. Prospero Tores, Domingo Hernandez, Domingo Franco, Andres Rosa, Pascual Silverio, Juan Castello and Justino Martinez were fined \$150, each or three months for using spearguns for the purpose of taking marine products here; and fined \$300 each for taking marine products without a licence. Capt. Tores was fined \$3,000 for using an unlicensed commercial fishing vessel here. [Text] [Grand Turk TURKS & CAICOS NEWS in English 27 Feb 86 p 2] /8309

CSO: 3298/455

URUGUAY

BRIEFS

SANGUINETTI ON U.S. POLICY--Uruguayan President Julio Maria Sanguinetti's opposition to the U.S. interventionist policy in Nicaragua has created some ill-feeling among the Washington authorities. This was reported by EL DIA, an Uruguayan newspaper. The newspaper said that the U.S. State Department and the Yankee embassy in Montevideo are not pleased with Sanguinetti's statements to EXCELSIOR, a Mexican newspaper. Sanguinetti told EXCELSIOR that he believes in a democracy by consensus and not a democracy imposed by force. The Uruguayan president's words are based on the principles of nonintervention and self-determination of the peoples, EL DIA, the progovernment newspaper stressed. [Text] [Havana International Service in Spanish 2300 GMT 20 May 86 PA] /9738

INFLATION RATE--The National Bureau of Statistics and Census has reported that the inflation rate in April was 4.87 percent, and that the accumulated inflation rate in 1986 is 21.02 percent. The accumulated inflation rate over the last 12 months is 74.63 percent. [Summary] [Montevideo Radio Carve in Spanish 0000 GMT 9 May 86 PY] /9738

CS0: 3348/604

VENEZUELA

ADMINISTRATION'S PERFORMANCE DURING FIRST 2 YEARS ANALYZED

Caracas BOHEMIA in Spanish 5-11 May 86 pp 12-15

[Article by Carlos Dorante: "No Cavities! The Government's 'Weak Points'"]

[Text] Almost halfway into its constitutional term, the government of President Jaime Lusinchi has reached a critical point. The times of an imposing, enticing popular support are beginning to distance themselves. The time bombs planted by Luis Herrera Camins' administration have been exploding with unpleasant inexorability, and the oil disaster has destroyed the best intentions of reactivating the economy. The government appears irritable, confronted with the accumulation of problems. The criticism is becoming bold and rash, and official circles show the blows, but return them with equal ferocity. The positions assumed are becoming irreconcilable, and the political debate is being made venomous, at times becoming dangerous, rude, and irrational. Where are we heading?

The Origins

Flustered by victory, AD [Democratic Action] has squandered it, trusting that its popularity would never become so slight as to threaten its immediate future. And the same thing has happened to it that has happened to all Venezuelan governments with wealth derived from oil. Wasting it in times of plenty, we find ourselves threatened with poverty in times of shortage.

The feast of pride and presumptuousness generated winds; now it is reaping storms. Harassed by its opponents, the AD government is feeling its "weak points" and shouting like the cartoon character in the television commercial: "No cavities!"

The 'Weak Points'

President Lusinchi's government began without opposition, and lasted that way for several months. It was not without reason, given the election results which netted AD an absolute majority in the Congress, the municipal councils, and the legislative assemblies.

But not far along the way things changed. COPEI [Social Christian Party], which had begun by being polite and "conciliatory," sought an "agreement"

which was impossible insofar as it was concerned. The left was (and still is) even more demoralized than COPEI, because it has almost failed to explain (as the Christian Democrats actually could) the real reasons of the Venezuelan electorate with regard to its proposals. But a forced opposition has also been launched, although with less aggressiveness than the "greens." It is a matter of machinery, of tradition, of bipolarity, or political binary quality; a matter of a future that is far removed for its settlement.

Without rating, and leaving out what is not really important, one may attempt a list of the government's weak points:

The Refinancing

The government received decent financial terms and conditions in September 1984. Last February, it signed the respective agreements in New York. Both things were announced with national fanfare, but from the outset they aroused suspicions among the opposition which (we would do well to say so) was acting more out of instinct than conviction; because it knew little of the real terms of the renegotiation agreement.

The pressure from the public gave rise to information (still partial) regarding the agreements, and Troy burned. The delicious concoction had turned into bitterness; because the ban on the seizure of national assets was waived, jurisdiction was waived, and the country was committed to payments that it could not make.

The government signed (it claimed) because we need the lost international confidence, because we require international prestige, and because the terms are the best. In any event, we have the contingency clause, whereby we shall pay in accordance with our potential. The president summarized, saying: "It was offered to us by reason of oil, and we shall pay by reason of oil."

Wonderful. "Any government would sign that agreement," said oilman Rafael Tudela; and many COPEI members imitated him. But now they are withdrawing, like many others, coming to the realization that the contingency clause is vague, confused, and difficult to execute and to be accepted as an option by the creditors.

All this, which we have examined before in various issues of this "Report," has points in favor and opposed. If the banks agree to renegotiate what has been negotiated, if the creditors accept amendments of the terms, interest, etc., the government will have been right. And if they do not agree, it will continue paying interest, while any proposal is discussed; and this could occur during the remainder of the present constitutional term. If the banks wish, the "sell-out" (a daring COPEI description) will not be such, but rather a brilliant political and economic deal for the regime.

Obviously, the banks will not want this. And then the world will not have ended either, because, despite the unconstitutional waivers, we shall refuse (sovereignly, as it is said) to pay, period. But then we would lose all the

international prestige again; because truly, truly, these agreements put Venezuela between the devil and the deep blue sea. However, it is more fitting to say that they put us between oil and Wall Street.

The 'Wells'

Agatha Christie would have had a feast of political detective fiction. Never has there been a matter worse handled, denied, restructured, and, ultimately, damaging to the government sector.

It involves abandoned wells in Zulía turned into a common grave for citizens, most of them in trouble with the law, who "were left" to police torture.

Criminals or not, the government has no right to torture anyone, although it cannot handle them like young ladies either.

Fearful of discrediting the police which, as an institution, we must all safeguard, an unconscientious and in some instances contemptuous position was assumed. The intention is reasonable (as in the Ballalares case, which in the end partially "exploded"), but the attitude marked by slyness and an attempt to discredit complaints has brought exactly the opposite effect of what was being sought by those who concealed the incidents to a certain extent.

In short, the case of the skeletons has discredited the government and has made it possible for politicians harmfully interested in the matter to intensify the rumor that there have been "missing" politicians in Venezuela, in the style of military Argentina or Pinochet's current Chile.

So, we must stress that we believe in a democratic government, respectful of human rights, but bent on defending a merit with mistaken tactics, when what is being imposed (and we understand that this is being done) is the public purging and reorganization of the police.

This "weak point" is of the sort that could most readily become "cavities."

The Military Household

We believe that, if a 28-year old democracy cannot easily treat everyone, and the members of its Armed Forces, as equal citizens, then it is a feeble, sick, timid, and inhibited democracy. The government's circumspection in dealing with our military is excessive, because it obviously fears "reactions" that should be regarded as actually overcome.

Every time the people detect this fear, they frown. And that fear has become evident in cases such as the one involving the Yugoslav ammunition, Ibarra Riverol, defense ministers involved in graft, etc.

The Media

The opposition's maliciousness, in some instances, and the temptation to manipulate public opinion through the mass media, have caused effects in

interpretation detrimental to the regime and undermining to public debat
The government has not concealed a certain amount of anger with the freedom
of speech exercised up to the hilt.

The weak point lies in the lack of a real communications policy and in fear
of the power of the free press. Nevertheless, one succumbs to exaggeration
by talking of manipulation of the press and to evil-mindedness by assuming that
a state monopoly with the paper to be produced by the Unerito plant would be
used to gag the newspapers. However, the opposition is trying to make this
a strong point, and COPEI has announced a seminar on the subject on 16 May.

The case of the channel with the singing children from Zulia, like others,
has also been maliciously manipulated against the government. The president
has reasons for opposing accommodation to the Pope's policy and giving the
Catholic Church a channel. We are Catholics, but we would not like to see
Protestants, Jews, Adventists, etc., each with its own TV channel. Not to
mention what the political parties would do then....

Oil Policy

The criticism is as plentiful as the praise. The request for Minister Hernandez
Grisanti's resignation discredits the opposition demanding it than it does the
government. The lending of flexibility for competing on the market, the
behavior toward OPEC, and the internationalization of the industry, as well as
the decision not to cut production, are bringing results.

One would be tempted to say that, in Venezuela, everything goes well when the
oil situation is going well. But that is not so, and history has proven it.
Personal security, public health, unemployment, public services, and prices,
with slight variations, are other weak points in the government, which never-
theless have made great progress in certain sectors.

'Stop That Crying'

If one examines the foregoing, one would find few things that are insurmount-
able. It would appear that the government, without reason, fears too many
things. That makes it hypersensitive and, at times, aggressive. Bewildered,
the government then is an easy prey of the opposition. In our view, it is
neither "up against the wall," nor a model of virtues. It appears now that we
should say, with Aragon: "Stop the tears."

Among other things, because Venezuela doesn't believe in tears...when they are
shed by politicians. Neither Venezuela, nor the entire world.

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VENEZUELA

FINANCE MINISTER ACKNOWLEDGES LARGE FISCAL DEFICIT IN 1986

Caracas EL UNIVERSAL in Spanish 8 May 86 p 2-1

[Article by Jorge Villalba]

[Text] Finance Minister Manuel Azpurua acknowledged yesterday that there will be a 15.332-billion-bolivar budget deficit in 1986 as a result of the fall in petroleum prices. He made this statement during testimony before the Finance Committee of the Chamber of Deputies.

He pointed out, however, that this deficit may be covered with uncommitted treasury reserves, savings in servicing the public debt due to the rescheduling of payments and lower interest rates, the reduced contribution to the Venezuelan Investment Fund (FIV), and other savings. There may even be a final surplus of 1.809 billion bolivares in the budget, he noted.

The financial sleight of hand used to make such a hefty deficit disappear apparently did not, however, convince opposition parliamentarians. They questioned the oil export figures and the average sales price quoted by Venezuelan Petroleum, Inc. (PDVSA) to the Finance Ministry. They also expressed their reservations about the quantities the Treasury expects to collect in domestic revenues, given the severe economic crisis the country faces.

Normal Performance Anyway

The reason the finance minister was called to testify before the Finance Committee, chaired by Deputy Armando Sanchez Bueno, was basically to determine what the country's fiscal situation is and what impact the decline in oil prices is having.

In this regard, Minister Manuel Azpurua appeared with some figures which he admitted may have to be adjusted. With regard to the basis on which oil revenues were calculated, he indicated that the industry estimated an average export volume of 1.46 million barrels per day, at an average market price of \$15 per barrel. He explained that he regards this estimate as reasonable, taking into account that despite the current drop in prices, in the first months of the year Venezuelan crude was selling for \$20 a barrel. At the end of the year, for seasonal reasons, the price is expected to edge up slightly.

Fiscal revenues are expected to total 110.225 billion bolivares in 1986, broken down as follows: petroleum revenues will amount to 46.715 billion bolivares and nonpetroleum revenues will amount to 49.686 billion bolivares, for a total of 96.401 billion bolivares in ordinary income. In addition, 13.854 billion bolivares in special revenues will be earned: 13.802 billion bolivares from the 3-Year Plan, and 52 billion bolivares from Conare and expropriations.

With regard to spending, 125.587 billion bolivares in expenditures have been agreed upon, broken down as follows: Budget Act, 122.831 billion bolivares; additional approved credits, 2.756 billion bolivares (including the raise in wages and salaries by presidential decree, 2.280 billion bolivares, wheat subsidies of 152 million bolivares, and milk subsidies of 272 million bolivares); reforestation program, 42 million bolivares, and expropriations, 10 million bolivares.

As can be seen, the difference between the estimated revenues (110.255 bolivares) and agreed spending (125.587 billion bolivares) yields a fiscal deficit of 15.332 billion bolivares for 1986. Nevertheless, Minister Azpurua contended that this shortfall will be covered by reserves, savings, and uncommitted treasury reserves, as follows: uncommitted treasury reserves, 9.984 billion bolivares; reduction of contribution to Investment Fund, 966 million bolivares; surplus in employer contribution to the Venezuelan Institute of Social Security (IVSS) as a result of the new pensions and retirement statute, 266 million bolivares; savings on the foreign debt service because of the rescheduling of principal payments and lower interest rates, 5.925 billion bolivares.

These special resources will make it possible to eliminate the deficit, and will even leave a surplus of 1.809 billion bolivares, claimed the finance minister.

Azpurua also reported that according to figures obtained by finance officials, in the first 3 months of the year the fiscal sphere has performed completely normally. Tax collections and ordinary nonpetroleum revenues have been slightly higher than the estimates made for the Budget Act, while spending has fallen within the projections, without delays or withholding in the payments and investments corresponding to the remainder of the 1985 Additional Plan and the 3-Year Plan, which are completely on schedule.

He promised to send the fiscal indicators for the first quarter of the year to members of Congress next week.

In addition, he announced that by 30 June he will submit to Congress the basic elements of the 1987 Budget Act, with the respective estimates, substantiation and support information. He stated that although the outlook for the market indicates that there will be no drastic change in prices and export volumes, in any case the administration must take precautions to counteract the fall in revenues that has taken place in 1986 so that it can economize in some areas and keep some reserves for next year.

Opposition Reservations

These optimistic explanations provided by the finance minister were received with some reservations by the opposition members of Congress.

Deputy Luis Enrique Oberto, former finance minister under President Rafael Caldera, expressed concern that no significant provisions have been made for shrinking revenues in 1987, since the 1986 budget will be executed in its entirety. He also pointed out that he had serious doubts about the calculations of oil revenues, and observed in this regard that while the minister acknowledged a deficit of 15,332 billion bolivares, the new estimate of oil income (46.715 billion) is 20 billion bolivares less than what was projected when the Budget Act was passed (more than 66 billion bolivares).

He also expressed reservations about the estimates of nonpetroleum revenues, and called attention to facts such as RECADI's decision to cut private imports by 10 percent. This measure, he noted, will undoubtedly reduce customs revenues. He concluded by stating that in his opinion, revenues could fall off by 20 to 30 billion bolivares in real terms in 1986.

Deputy Anselmo Natale of the Movement Toward Socialism (MAS) said that he shared Oberto's concerns in general. He pointed out that according to figures provided by PDVSA to the Finance Committee, the volume of oil exports was 1,084,000 barrels per day in January, and 1,370,000 barrels in February. Thus, he noted, it is difficult to believe that in the hottest months of the year exports could reach an average of 1,460,000 barrels per day, as Finance Ministry estimates contend. He also expressed doubts about an average sales price of \$15 per barrel in the middle of a price war that shows no signs of letting up anytime soon. Furthermore, he criticized the customs and income tax situation, indicating that the lack of effective controls will prevent the administration from collecting as much as it projects.

Armando Chumaceiro, an independent deputy who ran on the COPEI slate, also expressed reservations about the basis on which oil revenues were calculated. He asked Minister Azpurua if other possible scenarios and their implications had not been taken into account. According to the basis of calculation presented by Azpurua, he stated, the budget appears to balance, but other hypotheses should not be ruled out.

Deputy Radames Larrazabal of the Communist Party of Venezuela (PCV) also expressed his doubts. In the first place, he said that it would be difficult for a country like Venezuela, which is undergoing a severe economic crisis, to take in nearly 50 billion bolivares in nonpetroleum revenues. Furthermore, he indicated that the sales prices of crude oils are much lower than what the Finance Ministry estimated, and that crude is being sold below cost at great losses. He contended that it was this situation that drove MENEVEN into bankruptcy and forced its merger with CORPOVEN. "At any rate, I will ask for a study of PDVSA production costs, because I find it strange that Minister Lauria, who is a well-informed man, is going around saying that it costs us only \$2 to produce a barrel of oil, and that the other \$12 is gravy."

Minister Azpurua responded to these comments in a general way, but he did say that he will send figures to the Finance Committee to give it a better picture of the situation. As for Oberto's assertion that provisions must be made for 1987, he said he agreed that this is an important issue. For this reason, he noted, the administration is becoming more insistent about improving controls on inefficient spending, ensuring that the autonomous institutes work with balance budgets, and making state enterprises profitable. Regarding the scenarios, he said that others were indeed considered, but one had to be chosen as a guide.

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VENEZUELA

IMPACT OF OIL PRICE, FOREIGN DEBT PAYMENTS, 1987 DEFICIT VIEWED

Caracas EL UNIVERSAL in Spanish 10 May 86 p 2-21

[Article by Bernardo Fischer]

[Text] If the price of oil remains above an average of \$15 a barrel throughout the year, the administration will proceed to pay off the \$750 million initial payment for restructuring the foreign debt, as it is supposed to do in 1986. If oil revenues drop below that level, however, it will formally ask the creditor banks to defer that payment.

Sources close to the administration reported that government calculations indicate some possibility of overcoming the budget deficit in 1986, taking into account savings in resources achieved in 1984 and 1985. The administration's primary concern, however, focuses on what will happen in 1987, when the oil crisis will have to be faced without major treasury reserves. These reserves were estimated at 19.413 billion bolivares as of 1 January 1986. Moreover, the public debt payments will have increased substantially by then.

In fact, there will be a tremendous jump in the payment of the public debt in 1987 because of the commitments on the domestic debt that will begin to fall due next year.

In 1986, thanks to the decline in interest rates, the servicing of the foreign debt will cost approximately 28 billion bolivares. Next year, however, more than 40 billion bolivares will have to be paid out to take care of the foreign and domestic debts.

According to this outlook, preliminary calculations for 1987 reveal a budget deficit of about 40 billion bolivares.

Expectations for \$15 per Barrel

The administration is expecting the new income tax declaration from the oil industry this month. According to its calculations, the average price of a barrel of oil should be \$15, based on a sales price of \$13.40 for Venezuelan crude and \$18.09 for derivatives.

Considering an export volume of 1.46 million barrels per day, the treasury should take in 46.715 billion bolivares in oil revenues. This represents a decline of 19.324 billion bolivares from the projections made in the Budget Act, which called for 66.039 billion bolivares in oil income.

Although oil revenues have plummeted drastically, however, domestic tax revenues have risen above the original estimates, thus cushioning the blow of crude prices.

At present, the Finance Ministry estimates that it will receive a total of 49.686 billion bolivares in domestic revenues, more than 5 billion above the original estimate for the 1986 budget.

This increase is a result of the additional customs revenues (300 million bolivares), 3.25 billion bolivares extra because of the increase in the price of gasoline, and a sudden surge in exchange profits, estimated at 9.7 billion bolivares.

The sum of these two major ordinary income categories is 96.401 billion bolivares. Aside from that, there will be special revenues which have been committed in advance, such as the investments called for under the 3-Year Plan, a loan for reforestation from the Inter-American Development Bank (to be managed by CONARE), and the funds earmarked for wage and salary raises and the milk and wheat subsidies.

Ordinary revenues are offset by budgeted spending of 11.733 billion bolivares, which yields the budget deficit of 15.332 billion bolivares announced by the finance minister to Congress.

Treasury Savings and Adjustments

The government will make up for this fiscal gap by using 9.429 billion bolivares in uncommitted reserves from the Treasury. These reserves now total 19.413 billion bolivares. In addition, the law allows a reduction of 966 million bolivares in contributions to the Venezuelan Investment Fund, which are estimated in direct relation to the volume of oil revenues.

Moreover, due to the reform of the Retirement Regulations, the state will save a total of 276 million bolivares on its employer contribution to Social Security.

Finally, it will have available 5.995 billion bolivares that is left over from the projected payment to service the foreign debt due to the decline in international interest rates.

With all these maneuverings, the Finance Ministry will end up with Treasury reserves in the order of 1.889 billion bolivares. This figure will be even higher, however, because there are generally some funds left over to be paid out in the following fiscal year. This could amount to about 4.239 billion bolivares.

Unknown Factors in 1987

The administration is doing a skillful balancing act with the fiscal situation, according to an official spokesman. Many factors are involved. First of all, the export price of oil must remain above \$15 per barrel; then, interest rates must remain at the present levels, that is, between 7 and 8 percent of the LIBOR; and finally, there are the domestic pressures by the labor sector to increase civil servants' pay (their contract expired in December of last year).

With regard to the foreign public debt, officials appear to be convinced that it will be necessary to make the initial payment on the restructured debt in order to discuss new terms after the contingency clause is invoked.

If the average price of a barrel of oil remains above \$15, the government will meet its commitment to the creditor banks. If not, however, it will ask for a deferment, although the creditor banks may object.

Another unknown factor in 1987 is the volume of the public debt, which will grow substantially as the bonds issued by the administration mature. It is estimated that the burden of the overall public debt will rise to 40 billion bolivares.

Such a large amount severely limits the administration's ability to maneuver. Taking into account the 40 billion bolivares in public debt, the 16 billion bolivares earmarked for education, the 13 billion bolivares for the Constitutional Fixed Income, and the 7 billion bolivares for the health sector, the government's commitments total 76 billion bolivares already.

On the other hand, if revenues remain the same, that is, about 96 billion bolivares, the government will have just 20 billion bolivares left to distribute to the other ministries and offices of the public administration.

In general terms, it is estimated that the budget deficit may exceed 20 billion bolivares in 1987.

This situation is forcing the administration to study contingency measures, in terms of both revenues and spending, although it will be difficult to cut any more from the latter.

Official Formula for Facing Fiscal Crisis in 1986

Ordinary Revenues	Billions of Bolivares
--Oil revenues (75 \$ B)	45.715
--Domestic revenues	49.686
--Total	96.401
Special Revenues	
--Contribution from 3-Year Plan	13.802
--IADB Loan (CONARE)	0.052
--Additional loans	
Increases in wages and salaries,	

Milk and wheat subsidies	2.756
Projected Spending for 1986	111.753
--Budget deficit	(15.332)
Treasury Reserves	19.413
--Committed	9.429
--Uncommitted	9.984
Additional Savings	7.237
--Reduction of FIV contribution	0.966
--Reduction of employer contribution to IVSS (reform of Retirement Act)	0.276
--Reduction of foreign debt service (lower interest rates)	5.995
--Treasury's surplus balance	1.889

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VENEZUELA

DROP IN PETROVEN'S FINANCIAL RESERVES REPORTED

PA052133 Caracas Television Service in Spanish 1600 GMT 5 May 86

[Report by Marbella Molina]

[Text] Petroven's financial reserves have dropped considerably this year. If we compare this year's figures to those of previous years, there is a difference of 11.696 billion bolivares compared to December, when the reserves totalled 23.113 billion bolivares. [sentence as heard]

[Begin Molina recording] According to authorized spokesmen at Petroven's headquarters, the reduction is due to Petroven's authorization to the Central Bank of Venezuela, BCV, in April for the placing of more than 7 billion bolivares in medium and long term government bonds. The operation is aimed at financing the first phase of the 1986 investment plan. We may recall that at that time, the BCV directors and authorities of the Finance Ministry were holding talks with Petroven's management, proposing the investment of part of the enterprises's funds in government bonds in order to help increase the government's liquidity and to carry out public service works. The energy and mines minister explained this decision on several occasions, as the political opposition questioned the fact that Petroven should serve as an economic alternative to cover expenses of that nature.

The truth is that the reduction is taking place at a time when the industry is facing the instability of the international oil market, the subsequent loss of income, and the recent (?reorganization) of our main office. As we may recall, this reorganization is aimed at achieving a process of optimization and operational rationing, by integrating the installations and operations of Meneven and Corpoven [subsidiary of Petroven] throughout the country into a new enterprise that will continue to be called Corpoven. In any event, by this afternoon the country will know for certain the real situation regarding the reduction of Petroven's liquid reserves, as Energy and Mines Minister Arturo Hernandez Grisanti and Petroven's president will meet today at noon. [end recording]

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VENEZUELA

COPEI LEADER ON INSTITUTIONAL PACT, OTHER ISSUES

Caracas EL UNIVERSAL in Spanish 6 May 86 p 1-12

[Text] COPEI [Social Christian Party] hopes that Democratic Action [AD] will give it a response regarding the agreements arrived at in connection with the Institutional Pact, that will allow for the appointment of the comptroller general of the republic and five magistrates of the Supreme Court of Justice.

Senator Godofredo Gonzalez, president of the leading opposition party, said that, during the talks that he held with the president of the government party, Dr Gonzalo Barrios, understandings were reached which he declined to disclose.

"I conveyed the agreements reached by Dr Barrios and myself to the COPEI National Committee. There are no obstacles insofar as we are concerned. The AD president agreed to consult with the CEN [National Executive Committee] so as to give us a final response."

Yesterday morning, Godofredo Gonzalez tried to contact Senator Barrios, to continue the talks, but the AD president was at the CEN weekly meeting.

COPEI also hailed with pleasure the attitude of the president of the republic, Jaime Lusinchi, who said that there was no obstacle to reaffirming the Institutional Pact.

The talks between AD and COPEI began approximately a month and a half ago, and during that period there occurred the appointment of the president of the Supreme Court of Justice, with the AD majority violating the guidelines that it had received; because Dr Pedro Alid Zoppi was appointed to the post instead of Rene De Sola.

The COPEI president explained that the magistrates identified with his party had never voted for Dr Zoppi.

"Dr Calcano de Temeltas and Dr Febres Cordero cast their votes for Rene De Sola and magistrate Gonzalo Rodríguez Corro, who is a COPEI member, abstained from voting for a reason based on principle. Rodríguez Corro does not think that the president of the court should be elected before the National Congress

hands down a decision on the five magistrates whose term has expired. Furthermore, he knew that the election would not be decided by his vote."

The Social Christian leader refused to argue with former President Carlos Andres Perez, who insists that the serious crisis being experienced by the country was caused by the poor administration of the government headed by Luis Herrera Campins.

There is a government study which claims that the foreign debt amounted to 8 billion bolivares when President Perez took office. When he turned it over to Luis Herrera Campins, the debt was 110 billion bolivares; and hence CAP [Carlos Andres Perez] is the one responsible for the debt.

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VENEZUELA

PINERUA ANNOUNCES CANDIDACY FOR AD PRESIDENTIAL NOMINATION

Caracas EL UNIVERSAL in Spanish 11 May 86 p 1-12

[Text] Luis Pinerua Ordaz, in making his presidential candidacy for 1988 public yesterday, expressed the view that his is a viable ticket for AD [Democratic Action] and a satisfactory one for the country. He clearly acknowledged the untimeliness of an election campaign now, but admitted having made the decision because of the candidacy moves currently being noted in the party.

This introduction of Pinerua had been brewing for several days; although it had not been totally specified, it was considered a fact both inside and outside AD. At a press conference held at the end of the morning at party headquarters, in La Florida, he was sincere in remarking that he had meditated a long time before making his decision public. He appeared very much assured during his statements, and was emphatic in commenting: "I consider mine to be a viable ticket for the party and a satisfactory one for the country." He is aware that the approaching situation will require an understanding of the problems, as well as a great deal of firmness and integrity for governing. In view of these circumstances, he noted that he did not deny those qualities in others, "but people realize that in my case they are not a truth yet to be revealed."

"Over 43 percent of Venezuelans voted for me in 1978, and now the entire country is convinced of my faithfulness to principles and of the fact that I am neither possible to manipulate nor a hypocrite. I share the view that it is too early to begin the battle for the candidacy. Therefore, I am confining myself today to offering AD and the people the option of my nomination," he emphasized, in opening his statements.

By announcing his candidacy, the politician believes that he is thereby fulfilling an obligation. He said that he would be greatly pained by having to reproach himself in the future for an omission that could dangerously limit the range of options wherein the selection of Democratic Action's presidential candidate must be made. The aim is that the electoral colleges, which are to designate the party's candidate, will be formed so that they will really represent the desires of the membership and take the opinion of the independents carefully into account.

Expanding on his statement, Pinerua remarked: "I shall carry out my internal campaign on the occasion when the CEN [National Executive Committee] authorizes it, and I hope that this organization will adopt measures to ensure that the other hopefuls do the same; because I cannot fail to note that it is precisely because of the latter's moves that I have found myself forced to make this statement today."

Electoral Picture in AD

He pointed out that he, as well as other AD leaders, have expressed the intention of competing for the 1988 candidacy and, in fact, have been engaged in the pertinent activities. He remarked that others have not stated this publicly, "but it is already known from many meetings and contacts that they have held to make these commitments." In response to a question, he expressed his conviction that it was not feasible to carry the election campaign out now, but thinks that, "It is necessary, not only for AD, but for the entire country, to be aware that they are not going to be forced into a narrow situation with regard to candidacies. In other words, they will have an opportunity to choose."

[Question] So is your candidacy intended to oppose that of CAP [Carlos Andres Perez], for example?

[Answer] It is an offer that I am making to the party which, of course, is not against anyone in particular. The fact is (and you know it) that I am not a man of secrecy; but rather assume responsibilities completely. Hence, I chose to do this at a press conference, rather than going about there working my way indirectly, or holding clandestine meetings.

[Question] Might the interior minister be at those clandestine meetings, as has been claimed hereabouts?

[Answer] I have already said that there is no attempt to indicate anyone in particular, but this is a general fact that is known completely.

[Question] But there has been mention of Lepage's precandidacy.

[Answer] I have no information that Octavio will be a precandidate yet. He has not said so, and therefore I could hardly venture to make an evaluation under those circumstances. He has not said that he is a candidate. I believe that it is now time for all of us to say so.

[Question] It is understood that, in order to launch your candidacy, you first had to probe for a favorable internal situation in the party. Aren't you concerned about the number of points given to former President Perez in the polls?

[Answer] I must confess that, with regard to AD internally, precisely because of my concern for submitting to the regulations in effect, for this decision I did not consult any leader, nor have I requested preliminary backing from anyone either.

[Question] It has been said that a candidacy at the present time would be a factor causing internal upheaval in AD. What do you think of this?

[Answer] It would actually be such if we take off suddenly and there is no authority to prevent it. Insofar as I am concerned, I guarantee that this danger does not exist. I insist upon explaining that this is nothing new. I am acting in accordance with a preexisting situation.

[Question] So is the launching of your candidacy determined by AD's internal electoral groundrules?

[Answer] I define groundrules as a body of regulations which stipulate quite clearly the activities in which we hoping for the candidacy may engage, with the precise notion of avoiding excesses.

I Am Widely Known

Pinerua believes that if there is anyone well known to the country it is he. He said that, on the occasion when he was a presidential candidate, he held a rather long, successful campaign, judged from the large number of votes that he won. He remarked that, up until now, he has had the honor of being the governing party's candidate who gained the largest percentage of votes. He explains that, since that campaign, he has not ceased to operate in politics, concerning the country's fundamental problems and the advisable solutions in each case. He comments: "I see no reason why this should be the time that I must go into details on the qualities or requirements that the candidate should offer, or the merits that enhance me to aspire for the candidacy." He observes that this should be done on the occasion when the election campaign begins.

[Question] Would you now, if you are the official candidate, assume a position on the Lusinchi government similar to the one that you held in the election campaign while Perez was governing?

[Answer] The circumstances of the moment will determine the campaign that I will have to carry out, first in the party and later, I hope, on the street.

[Question] Will you insist upon demanding greater effectiveness of the government?

[Answer] I think that demanding the solution to problems and hinting the procedure for so doing, or the actions that should be taken in that direction, must by no means be interpreted either as a difference or a criticism, but rather as cooperation.

In conclusion, he disclosed that his decision had been personally conveyed to the head of the party, Gonzalo Barrios, who gave him a response marked by great respect for his decision. He claimed not to have talked with President Lusinchi concerning the matter.

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